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IRA Cease-Fire Awaited, With Prospects for Talks

Sinn Fein Urges U.K. Response, Saying 'Essential Ingredients' for Peace Exist

By John Darnton

New York Times Service

LONDON — Expectations mounted Tuesday that the Irish Republican Army was poised to announce a cease-fire in a dramatic move leading to peace talks in the 25-year conflict in Northern Ireland.

The expectations were fueled by events in recent days, culminating in hopeful statements by Gerry Adams, the head of Sinn Fein, the IRA's political wing. Expectations that a truce was about to be declared were boosted with news that Joe Cahill, 74, a founder of the Irish Republican Army, had arrived in New York. The State Department said Mr. Cahill had received a single-entry visa. Sinn Fein reportedly requested the visa waiver so he could enter the country as a spokesman for the movement and so he could encourage its U.S. supporters to back an expected cease-fire.

In a joint statement Sunday night with John Hume, head of Ulster's main nationalist party and a man who has been pressing for peace talks for 16 months, Mr. Adams said that the "essential ingredients" for peace were at hand. He called on the British government to respond favorably to any move by the IRA.

Mr. Adams indicated Monday that he had recommended to the IRA leadership

that it move toward a peaceful settlement and that he expected a "speedy response."

He said: "The potential now exists to move the situation toward a democratic and peaceful settlement. I am satisfied that Irish nationalism, if properly mobilized and focused at home and abroad, now has sufficient political confidence, weight and support to bring about the changes which are essential to a just and lasting peace."

"This is the considered position I put to the IRA," he added.

Analysts who have followed the IRA for a decade or more said it appeared that it was on the brink of a fateful move to end its 25-year campaign to expel the British from Ulster by force and rely instead on political developments to achieve its ultimate objective of union with the Irish Republic to the south.

Sectarian violence began when Roman Catholics, the minority in the Protestant-dominated North, demanded full civil rights and an end to persecution. With Protestants and Catholics fighting pitched street battles, British troops entered Aug. 14, 1969, and rapidly became embroiled in the conflict themselves.

Of the North's 1.6 million people, 57 percent are Protestant and 43 percent

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A child playing Tuesday against a wall with a message in northern Belfast, scene of more than 100 killings in 25 years.

China Vows To Resume A Dialogue On Rights

U.S. Commerce Chief 'Exhilarated' by Results Of Business Campaign

By Steven Mufson

Washington Post Service

BEIJING — Buoyed by China's pledge to resume talks with the United States over its human-rights policy, the U.S. commerce secretary, Ronald H. Brown, declared his "commercial diplomacy" in China both a political and business success on Tuesday.

Mr. Brown said China's leaders had promised that next month they would revive a human-rights "dialogue," which collapsed in February and had not been resumed despite President Bill Clinton's decision in May to sever the link between China's human-rights policies and its preferential trading status.

In addition, Mr. Brown played the role of rainmaker for U.S. companies. He attended signing ceremonies for contracts with U.S.-based companies worth nearly \$5 billion, for which a little more than \$2 billion worth of work would be done in the United States.

Mr. Brown spent much of his visit lobbying Chinese officials to help U.S. companies win other contracts on everything from auto plants to power plants to civil aviation systems.

Wrapping up two-and-a-half days in Beijing, Mr. Brown said he was "exhilarated" by the Chinese leadership's response both to his aggressive push for U.S. companies and to his low-key approach to the rights issues that have dogged U.S. relations with China since the 1989 crackdown on the democracy movement.

Though criticized for overemphasizing his role as promoter for U.S. companies and for giving short shrift to human rights concerns, Mr. Brown asserted that his strategy had been vindicated.

He has raised U.S. concerns "in ways that allow us to have some chance of success at achieving our goals," he said in an interview before flying to Shanghai, adding: "I haven't tried to bludgeon them about it. I haven't approached them with arrogance, but with concern, deep concern."

Nonetheless, it remains unclear whether a renewed "dialogue" over human rights will actually lead to any change in China's human rights policies.

China's concession to Mr. Brown was modest. After refusing for months to even meet with the assistant secretary of state for human rights, John Shattuck, China has agreed to hold talks on rights when the deputy prime minister and foreign minister, Qian Qichen, goes to the United States in September for the UN General Assembly.

Far from loosening up its treatment of dissidents, China this week tightened surveillance of government critics to make sure they did not attempt to use Mr. Brown's visit to gain attention. Moreover, several dissidents such as Wei Jingsheng, who were arrested around the time of Secretary of State Warren M. Christopher's visit in March and in the weeks before the fifth anniversary of the 1989 crackdown, remain in jail.

Mr. Brown said he raised several specific cases of human rights problems, but would not elaborate.

The contract signings on Tuesday included a \$1 billion contract for New Orleans-based Entergy Corp. to upgrade a power plant; a \$2.2 billion contract for The Wing Group to build a liquefied natural gas turbine; and a \$1.5 billion contract with AES China Generating Co., a joint venture with U.S.-based AES, to upgrade the Yangcheng power plant.

TRW Inc. unveiled an agreement with a Chinese partner to provide the government-run Beijing Cable TV Network with a million descrambler units to deliver cable television to households in China. TRW and Suman Group Ltd. will manufacture the units in China. And Sprint announced it will expand services in China.

The only cloud that hung over the day was China's insistence that it gain early admission to the General Agreement on Tariffs and Trade. Mr. Brown reportedly said that the United States supported China's quest to join GATT but that further economic reforms would be required before China met GATT guidelines for international trade.

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Lockheed and Martin Marietta Decide That Size Is the Best Defense

By Lawrence Malkin

International Herald Tribune

NEW YORK — Lockheed Corp. and Martin Marietta Corp. said Tuesday, in explaining the strategy behind their \$11 billion merger, that they were forming America's largest defense company to try to cut costs in a shrinking U.S. market and to compete more vigorously against state-subsidized competitors abroad.

The companies are the second- and third-largest American weapons makers, with combined sales of \$22.6 billion last year. Just over half of that, or \$11.6 billion, represented prime Pentagon contracts.

That would put them well ahead of McDonnell Douglas Corp., which was the prime Pentagon con-

tractor on \$7.54 billion of defense jobs last year, and underscores a trend among American defense contractors to survive in the post-Cold War period by consolidating (Page 9).

The boards of Lockheed and Martin Marietta have approved the merger, which was announced late Monday night.

The companies expect to complete the transaction, with stockholder approval and Pentagon antitrust clearance, by the spring of next year, assuming no corporate raider or competitor will manage before then to raise the billions of dollars needed to pick off either company with a hostile bid for its stock.

Under terms of the deal, the companies said, Lockheed shareholders would get 1.63 shares of stock in Lockheed Martin, the proposed new name of the

company, for each Lockheed share held, and Martin Marietta holders would get one share for each share held.

The new company would be roughly equal in size to Boeing Corp., America's largest exporter, and to United Technologies Corp., a principal competitor. It hopes to cut costs by sharing overhead expenses and research and production facilities, among other measures.

Of the combined companies' 170,000 jobs, 20,000 come from exports, Mr. Augustine said, "and we propose to save them by competing abroad."

Lockheed's strength is in fighter planes — the F-16 and F-117A Stealth — and Martin Marietta's is in space vehicles such as the Titan missile, as well as high-technology avionics and flight control.

Lockheed tried to get into the missile field by linking up with the makers of Russia's Proton rocket, and that deal is still pending, although strategic direction of the combined company will probably pass to Martin Marietta. Lockheed is to close its headquarters in the Los Angeles area and merge that operation into Martin Marietta's campus in Bethesda, Maryland, just outside the Washington Beltway.

The Pentagon now supplies only about 60 percent of Martin Marietta's revenue, down from 80 percent over the last four years. But the merged company still would depend heavily on military contracts and will be seeking to diversify further into high-technology civilian applications of defense technology, in areas

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U.S. Will Offer To Relax Rules On Cuban Visas

By Steven Greenhouse

New York Times Service

WASHINGTON — The Clinton administration plans to ask the Cuban government to halt the exodus of refugees in return for an offer by the United States to relax its immigration rules and grant residency visas to more than 20,000 Cubans a year.

Over the last year, the United States granted residence visas to only 2,700 Cubans, causing President Fidel Castro to complain that this was far below the legal ceiling of 27,845 Cubans the administration was authorized to admit.

Last week, Mr. Castro asserted that the failure to grant more visas to Cubans had helped touch off the mass exodus of people aboard rickety rafts and boats.

On Tuesday, with clear weather in the Straits of Florida, the influx of Cuban rafters trying to reach the United States was sharp. The Coast Guard said the number of Cubans intercepted by Coast Guard ships had risen to 731 by 2 P.M. Reports from Cuba said dozens more rafts had been seen setting out from the nation's beaches.

The new administration offer was being prepared in advance of talks scheduled for Thursday with Cuban diplomats in New York aimed at resolving immigration issues and easing tensions over the refugee crisis.

The administration's plan represents another twist in its immigration policy toward Cuba, this time in the form of bending laws to make it easier for Cubans to enter the country legally. For instance, it plans to grant entry to cousins and grandparents of Cuban-Americans and grant

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THIS IS THE ARMY — Recruits in the Bosnian Army wearing camouflage as they undergo basic training in Sarajevo. Meanwhile, continued ethnic cleansing still drives Muslims out of Serbian areas of Bosnia. Page 2.

Japan Will Give \$1 Billion for War's 'Comfort Women'

By Steven Brull

International Herald Tribune

TOKYO — Hoping to silence criticism that Japan has yet to atone fully for its World War II aggression, Tokyo will announce a 10-year, \$1 billion program Wednesday that will provide symbolic compensation for women used as "sexual slaves" by Japanese soldiers.

Prime Minister Tomichi Murayama, who returned Tuesday from a tour of Southeast Asian capitals, will announce the program, which will center on "comfort women" from Korea, the Philippines

and other countries who, historians say, numbered as many as 200,000. The program will also refer to Taiwanese conscripts whose savings were confiscated and South Korean laborers who were marooned on Sakhalin Island after the war.

The program, which follows years of increasingly strident demands from nations in Asia as well as England and Holland, will mark a major reversal in Japan's position.

For years, the conservative Liberal Democratic Party maintained that the issue of wartime compensation had been completely settled by the 1951 San Fran-

cisco peace treaty. The government feared that paying additional reparations would open a floodgate of new demands.

But with the 50th anniversary of the end of World War II approaching next year, and Japan increasingly seeing its economic future linked to growth in Asia, Tokyo is making an effort to put the issue to rest.

The money will pay for the construction and operation of vocational centers for women in several Asian countries, as well as for additional research on World War II. Mr. Murayama may also announce a separate plan to set up a \$100 million, privately financed endowment that would

make payments directly to victims, Japanese news organizations reported. The grants would be classified as "gifts of atonement," not compensation for sexual slavery.

Japan's chief cabinet secretary, Kozo Igarashi, said last week that Japan had done virtually nothing, compared with Germany, in compensating individual victims of its wartime aggression.

But critics have already attacked the program as another attempt by Tokyo to avoid fully facing its responsibility. Al-

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Dow Jones	Up	18.45
S&P 500	Up	0.12%
10-year T-bill	117.72	
The Dollar		
New York	1.5765	1.5773
DM	1.5765	1.5773
Pound	1.534	1.537
Yen	98.62	100.00
FF	5.405	5.3985

Newsstand Prices	
Andorra	9.00 FF
Antilles	11.20 FF
Armenia	1.40 CFA
Cameroon	8.00 CFA
Egypt	2.00 CFA
France	2.00 CFA
Gabon	2.00 CFA
Ghana	2.00 CFA
Greece	2.00 CFA
India	2.00 CFA
Ivory Coast	2.00 CFA
Jordan	2.00 CFA
Lebanon	2.00 CFA
Libya	2.00 CFA
Mali	2.00 CFA
Morocco	2.00 CFA
Niger	2.00 CFA
Nigeria	2.00 CFA
Rwanda	2.00 CFA
Saudi Arabia	2.00 CFA
Senegal	2.00 CFA
Seychelles	2.00 CFA
Sierra Leone	2.00 CFA
Singapore	2.00 CFA
Sudan	2.00 CFA
Tanzania	2.00 CFA
Togo	2.00 CFA
Tunisia	2.00 CFA
Turkey	2.00 CFA
U.A.E.	2.00 CFA
U.S. (Eur.)	2.00 CFA
U.S. (U.S.)	2.00 CFA

Fraud Does a Thriving Business As Little Else Moves in Nigeria

By Cindy Shiner

Washington Post Service

LAGOS — While commercial activity here is suffering from politically inspired strikes, one industry still does a booming business — fraud.

Organized crime networks in Nigeria are bilking foreigners of millions of dollars annually in fraudulent business transactions reflecting the corruption that has fueled social strife and damaged this oil-rich nation's reputation abroad.

One Western diplomat estimates that fraud has become Nigeria's third-largest foreign exchange earner, behind petroleum — which accounts for 80 percent of foreign

exchange earnings — and agriculture. Although the Justice Ministry has no count of arrests or convictions for fraud, officials have issued a wanted list of 1,200 suspects.

Nobody knows how many people have been defrauded. But diplomats, justice officials in both the United States and Nigeria, and business people who frequent Lagos said the scams were a growing problem.

The scams are typically known as "advanced-fee fraud" or "419," after the Nigerian criminal code enacted to prosecute such cases. Perpetrators use fax machines or mail to send up to 50,000 letters annual-

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2 Young Africans and an English Ghost

By Rob Hughes

International Herald Tribune

LONDON — Damp mists hang over a canal in Leeds, a gray industrial north English city. Two young men, gifted and black and newcomers to Britain, shiver, draw up their collars, and scarcely notice a lean, aging, homeless individual.

Phil Masinga and Lucas Radebe, soccer players from Soweto, may unknowingly be passing their own history by. It is not certain — for the drifter is gone as wisely as he dropped out of public life — but this older man might easily be Albert Johanneson.

He is somewhere out there, an ex-sportsman of no fixed abode who is known to wander disused wharfs in

Leeds. Upwardly mobile sporting recruits are, at best, hazy about history and seldom curious about passers-by.

So why should Johanneson, also a black man, mean anything to Masinga and Radebe? Because they happen to be treading uncannily close to his imprints.

Masinga, especially. He burst into English soccer on the weekend, a swift, slender front-runner with an instinctive eye for goal. Johanneson was that in the 1960s; before the newcomers were born he arrived from Johannesburg, wore the white of Leeds United 194 times, scored 67 goals, and appeared in the 1965 FA Cup Final.

But in the end, Our Albert, as every-one knew him, could not conquer the

sensitivity that apartheid engrained in him. He could not enjoy fame, not convert fleeting riches into a contented social integration.

He dropped out. His wife Norma, a Jamaican, took their children and left him. Johanneson, from time to time, waited on tables at a Chinese restaurant, occasionally answered the calls from his former Leeds United teammates, and retreated into what he presumably is today, a shy, lost, 54-year-old who gave English fans almost a decade of pleasure with his mercurial skills but could never quite marry his past in South Africa to his opportunities in England.

Masinga and Radebe, both 25, do not

End to One Ordeal Of Ethnic Cleansing Muslim Woman Driven Out Recounts 2 Years Under Serbs

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — For more than two years, a Muslim woman named Vahida Kartal tried to live in Serbian-occupied Bosnia. Recently, her attempt ended. She trudged across Sarajevo's Bridge of Brotherhood and Unity from a Serbian section of town into one held by the Muslim-led government.

For this 22-year-old woman from the village of Osave in eastern Bosnia, it was the end of a long road that led from hope through increasing terror to eviction, imprisonment, and ultimate dispatch across the lines of Europe's new divided city.

Her story illustrates the hardening of the Bosnian war as desperate efforts by diplomats to seek a compromise have failed repeatedly. She is one of several hundred Muslims driven out in recent weeks in what United Nations officials describe as a new wave of "ethnic cleansing."

"I lived for more than two years as a loyal citizen of the Serbs' republic," she said. "I made no distinction between Serbs and Muslims. But now I have changed my opinion. I believed the Serbs had a soul. But after what has just happened to me, I say that there are no words to describe them."

In Osave, Miss Kartal grew up surrounded by Serbian neighbors. Her family had a small farm and lived comfortably enough to view departure with deep reluctance, although they were aware of evictions of Muslims early in the war.

Able to live what she described as a normal life in the first year of the war, she ended up covering in hiding before increasingly arbitrary intimidation from Bosnian Serbs.

"At the beginning, the Serbs said they would not force us out and simply ordered us to hand over our weapons," she said. "Then, for a year, we lived quite normally."

There were about 350 people in about 70 Muslim homes in Osave. In recent months, Miss Kartal said, all these families have been forced out. "In the middle of the day, an armed Serb would come and take the television, or a refrigerator, or

whatever he chose that had some value," she said. "That became normal for us."

In one of the worst of such incidents, she said, a local Serb appeared at the house of her neighbor and shot him in front of his family.

Her two brothers, Hasib and Adem, age 30 and 34, at first did agricultural work for the Serbs and came home every evening. Then they were placed in labor units digging trenches and spent long periods away from home, she said.

Miss Kartal described watching the Muslim houses of Osave being turned into what she called "skeletons." When a Muslim family fled, Serb soldiers would appear and take anything of value. Then local Serbian women came to take the floors, windows, toilets, boilers, and kitchenware.

On April 30, she said, three Bosnian Serbian soldiers came to the Kartals' house and put her on a bus to Sarajevo. She was taken to Kula prison, kept in a small room with 20 other women and made to do agricultural labor and clean toilets.

"We were not physically mistreated by the Serbs, but dogs would not have eaten the food," she said. "Every day beans with pigs ears and feet and hair floating in it."

A few weeks ago, her parents and two brothers also arrived in Kula prison. They told her that no Muslims were left in Osave.

Her father remained in Kula, but her brothers were removed to the Rudo labor camp. Miss Kartal, and two days later her mother, were allowed to cross into the Muslim-controlled part of Sarajevo with a handful of other refugees.

When she arrived on the government side of the bridge, she was greeted by her sister, Mevlada Karovic, whom she had not seen since the beginning of the war. Mrs. Karovic's husband was killed by a Serbian mortar shell on the first day of the war, April 6, 1992.

The sisters, their mother and Mrs. Karovic's two children all live together in a small ground-floor apartment.

"It is obvious to me now that there will never be an agreement with the Serbs," Miss Kartal said.

Russian Seeks Meeting Of 5 Powers on Bosnia

Agence France-Presse

BERLIN — Foreign Minister Andrei V. Kozirev of Russia has called for a new meeting of the international contact group on Bosnia and has attacked the West's lukewarm reaction to Belgrade's change in attitude to the Bosnian Serbs.

Mr. Kozirev called for a fourth meeting of the five-power group at ministerial level to "properly assess the changes," according to an Itar-Tass press agency report from Berlin, monitored in Moscow.

Mr. Kozirev said, on his arrival in Berlin on Monday, that he regretted the "reservations" of Russia's partners in the group — Britain, France, Germany and the United States.

Calling for stronger support

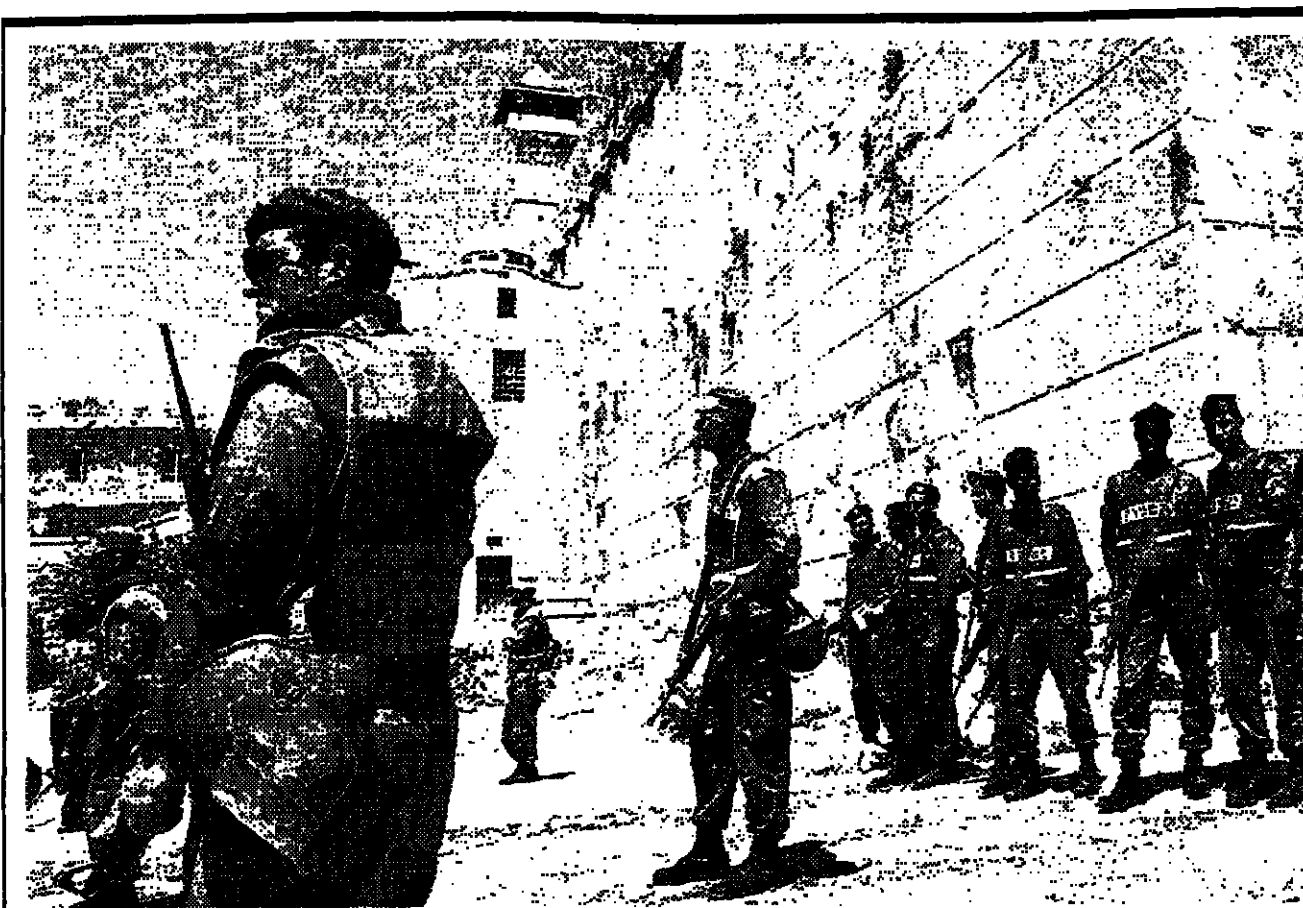
for the Belgrade regime in the light of its break with the Bosnian Serbs, he distanced Moscow from its Western partners, which want Belgrade to make its pressure on the Bosnian Serbs more concrete.

Mike McCurry, the State Department spokesman, said Tuesday that Washington was disappointed by Moscow's stance.

Mr. Kozirev's German counterpart, Klaus Kinkel, took the same line, saying on television that the four Western powers in the group would keep up pressure on Belgrade, regardless of Moscow's disapproval. They are insisting that Belgrade allow international observers along the Serbian-Bosnian border.

Bosnian Serb electoral officials said Tuesday that preliminary referendum results showed that at least 96 percent of Bosnian Serb voters had rejected the contact group's peace plan.

The plan, which reserved 49 percent of Bosnia for the Serbs and 51 percent for the Muslims and Croats, was rejected after ballots were counted from 62 of the 82 municipalities the Bosnian Serbs have included in their self-proclaimed Serb republic.



KEEPING WATCH — Israeli soldiers guarding the Tomb of the Patriarchs in Hebron, in the West Bank, Tuesday as members of the Israeli Parliament visited the site, where an Israeli settler murdered 29 Muslims in February.

Sudan to Spurn UN Population Meeting

Agence France-Presse

KHARTOUM, Sudan — Sudan will boycott the United Nations population and development conference next week in Cairo and plans to wage a "holy war" against its resolutions, government ministers said.

The minister for social planning, Ali Osman Mohammed Taha, said at a news conference late Monday that Sudan would fight for "morality and principles" against family-planning recommendations likely to be adopted by the conference.

The army-dominated government, close

to Islamic fundamentalists, has joined Saudi Arabia in boycotting the conference, whose draft resolutions on family planning and birth control are held to contradict Muslim teaching.

In Tehran, two newspapers denounced the conference and urged the government not to attend.

Jomhuri Islami, a daily close to Islamic hard-liners, argued that Iran's participation could be taken as a sign that the Islamic republic approved of the draft document.

Jahan-e-Islam, representing Islamic rad-

icals, said the meeting was a "plot against Islam and should be strongly opposed."

Suit to Move Meeting Fails

An Egyptian court threw out on Tuesday a suit by prominent Islamists demanding that President Hosni Mubarak move the conference out of Egypt, Reuters reported from Cairo.

But the three Islamists, saying there was unanimous opposition to the conference in Egypt and the rest of the Muslim world, said they would appeal in time to stop the Sept. 5 conference from opening.

Frankfurt's Jews Reopen Synagogue Under Cloud of Anti-Semitic Attacks

The Associated Press

BONN — With joy and foreboding, the Jewish community of Frankfurt reopened the renovated Westend synagogue, one of Germany's largest and a crowning symbol of Jewish assimilation when first built in 1910.

The six-year, \$5-million renovation by the architect Henryk Isenbergh restores the brilliant blue, gold and turquoise floral columns and walls of the synagogue in a Cecil B. DeMille-style marriage of art deco and Egyptian influences.

The interior was burned by Nazi mobs in 1938, and Allied bombing left only the outer walls. After World War II, the synagogue was refurbished in a plain style for the shattered Jewish community that remained.

The new renovation was begun in 1988, a time when the 30,000 West German Jews felt confident of postwar Germany's grounding in democracy.

Salomon Korn, an architect and adviser on the renovation, said in an inaugural speech Monday.

"The outbreak of right-extremist violence in the wake of German unification raises questions about whether we were right," he said.

Mr. Isenbergh left the high plain windows from the 1950 refurbishment as symbolic reminders of the Nazi devastation and the Jewish community's still uncertain standing in German life, Mr. Korn said.

In March, rightist youths burned a synagogue in Lübeck in the first attack of its kind in many years. Scores of Jewish cemeteries and monuments have been vandalized in the past three years.

"Once again, Jews are painfully reminded that their right to exist in Germany is in question," Mr. Korn said.

The original 1910 synagogue was an expression of the extraordinary comfort many Jews then felt in Germany.

Secure in their identity as "loyal Germans of Jewish faith," Reform Jews built handsome temples whose Middle Eastern motifs "symbolized their feeling that the new Holy Land was Germany," Mr. Korn said.

Westend synagogue burned on Kristallnacht, Nov. 9, 1938, in which Jewish places of worship and property around Germany were trashed and hundreds of Jews were beaten or dragged off to concentration camps.

3 Rightist Youths Jailed

Three young men were given jail terms Tuesday for their part in an attack on Africans that turned into a battle between German youths and foreigners in Magdeburg on May 12, Agence France-Presse reported.

Judge Ludwig Fabricius said two of the youths took a direct part in a chase of a group of black Africans through the streets of the East German city and all three subsequently helped wreck a bar.

Sweden's 'Sub' Noise Seal-Made?

Reuters

STOCKHOLM — Sweden has probably mistaken noises made by marine mammals for submarines several times since 1990 during its controversial hunt for suspected Soviet or Russian intruders, a former naval commander said Tuesday.

The navy disclosed for the first time this summer that it had spent weeks tracking a sound wave formation it later concluded was caused by animals, possibly seals or otters. But it has not said whether the sounds misled hunts prior to this year.

"This is a sound pattern in which we have had great confidence in the past, and it was noted even when I was commanding officer of anti-submarine forces," Hakan Neckman said in an interview with the daily newspaper Svenska Dagbladet.

Mr. Neckman, who was in charge of the unit between 1990 and 1993, said he did not think that the pattern was the only sound the Swedes had chased. He said he still believed that other systems had proved that there had been foreign intrusions in recent decades.

The Swedes have accused the former Soviet Union and, two years ago, Russia, of being responsible for the alleged violations.

Moscow has always denied the charges.

In 1981, a Soviet Whiskey-class submarine ran aground near a top-secret naval base at Karlskrona in southeastern Sweden. Moscow blamed a navigational error, and the submarine was allowed to go after a formal protest.

WORLD BRIEFS

Israel Must Pull Out of All Golan For Peace With Syria, Egyptian Says

JERUSALEM (AP) — Egypt's foreign minister said Tuesday that Israel would have to withdraw completely from the Golan Heights if it wanted full peace with Syria.

Foreign Minister Amr Moussa, making the highest profile visit by an Egyptian to the Jewish state in years, said he would try to speed negotiations between Israel and Syria.

Foreign Minister Shimon Peres of Israel said Mr. Moussa's trip "represents a promotion in relations" between the two countries. He noted also the presence of an Egyptian industrial delegation that was meeting with Israeli economic leaders.

Mr. Moussa has been to Israel before but only for daylong working sessions over Middle East peace moves. After talks with Mr. Peres, he visited part of the Yad Vashem Memorial to the 6 million Jews killed in the Holocaust.

Swedes Would Pay More, Poll Says

STOCKHOLM (AP) — Despite its already high taxes, Sweden could charge even more if it took the people's advice on preserving welfare, according to a poll released Tuesday.

The independent IMU-Testolagen Institute found that 8 out of 10 Swedes favored higher taxes instead of cuts in major welfare programs.

Even a majority of voters who support the center-conservative government said they would rather pay higher taxes than accept more cuts in state-run day care, elderly care or education programs, the poll found. The survey of 4,824 people had a margin of error of one percentage point.

West Pressures India and Pakistan

NEW DELHI (Reuters) — International mediators pressed India and Pakistan on Tuesday to renounce their atomic weapons programs as Islamabad and New Delhi each expelled one of the other's diplomats.

A meeting in New Delhi of a U.S.-led group of nations seeking to stem the spread of missile technology urged India to halt its alleged nuclear warfare project. Senior officials from the United States, Britain, Switzerland and Australia told the Indian government that New Delhi's program had increased regional tensions.

India on Tuesday ordered a Pakistani diplomat to leave the country hours after Islamabad accused an Indian envoy of spying and told him to depart, the Press Trust of India reported.

TV Debate on Quebec Called a Draw

MONTREAL (Reuters) — Quebec leaders have sparred in a televised debate over whether the French-speaking province should become independent from Canada, but pundits saw no clear winner.

Premier Daniel Johnson, a Liberal, faced Jacques Parizeau, the leader of the separatist Parti Quebecois, in a 90-minute French-language debate on Monday night, two weeks ahead of a provincial election. Mr. Parizeau was leading in polls before the debate.

The highly structured confrontation, which did not allow for wide-open exchanges between the two, was seen as a draw. "There was no knock-out punch," said Daniel LaTouche, a political analyst. "No one really took control."

Islamabad: Israel Was 'Discourteous'

ISLAMABAD, Pakistan (Reuters) — Pakistan, stung by Israel's refusal to let Prime Minister Benazir Bhutto visit the Gaza Strip without its permission, on Tuesday criticized "discourteous" remarks by her Israeli counterpart, Yitzhak Rabin.

"We have noted with regret the unwarranted and discourteous remarks of the Israeli prime minister. We do not need lessons in manners from him," a Foreign Ministry statement said, a day after Miss Bhutto scrapped the trip, planned for next Sunday.

She would have been the first foreign head of government to visit Gaza since it achieved self-rule from Israel in May. The diplomatic wrangle over her trip exposed the tensions between Israel and the Palestine Liberation Organization on sensitive matters of sovereignty and border control in the newly autonomous area.

Bodies of U.S. Drug Agents Found

LIMA (NYT) — The U.S. Drug Enforcement Administration said searchers had found the bodies of five persons who were aboard an anti-drug plane that crashed Saturday in the Upper Huallaga Valley, where most of the world's cocaine is produced. The jet, with two pilots and three enforcement agents, was on a routine reconnaissance mission. The Peruvian Air Force found the wreckage in the jungle of the Andean foothills Sunday, but rescuers did not reach the site until late Monday because of rugged terrain and poor weather, U.S. officials here said.

Corrections

An article in Aug. 22 editions mistakenly identified, in a quotation, the burial site of General George S. Patton. He is buried in the U.S. Cemetery in Luxembourg. A memorial to the World War II general is situated in St. Avold, France.

An article in Tuesday's editions about pollution in Europe incorrectly referred to Liesel Hartenstam as "he." In addition, the story might have given the impression that she favored "stopgap" measures, such as speed limits on the autobahn, to reduce air pollution. She does not.

TRAVEL UPDATE

No Refugees Here, Key West Says

KEY WEST, Florida (AP) — The large numbers of Cuban rafters trying to come to the United States this month are causing many visitors to this resort town to stay away, and they have prompted an advertising campaign reassuring tourists that the Florida Keys are still open.

"From Italy, they call me to see if Key West is filled with refugees just like 1980," during the Mariel boatlift, a dive shop owner, Franco Piscibello, said. Not only are Cubans not washing up on the beaches, there are not enough tourists to suit Mr. Piscibello. "It's just like a ghost town," he said.

Seeing vacancies and cancellations right before the U.S. Labor Day holiday this weekend, the Monroe County Tourist Development Council has taken out ads in six Florida newspapers urging tourists to "come see for yourself."

Despite the shooting of an Italian couple, Italy won't issue an advisory urging its citizens to exercise caution while visiting Florida. There is no need to create an international furor because of one incident, Stefano Ronca, spokesman for Italy's embassy in Washington, said. Sergio Russo, 49, and Daniele Ferrante, 47, were shot and robbed in Kissimmee. The husband and wife will be released from the hospital soon, officials said.

Asiana Airlines of South Korea and Northwest Airlines of the United States have signed a comprehensive marketing-alliance agreement covering trans-Pacific routes and beyond.

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Chile(CC) 001-800-333-1111	Guatemala+ 001-800-333-1111	1-800-624-8721	001-800-0014	Venezuela(CC) 001-800-0014	0800-85-0222
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THE AMERICAS /

Dole — and His Party — Arrive at a Tactical Crossroads

By R. W. Apple Jr.
New York Times Service

WASHINGTON — The young White House aide was talking last weekend about his boss, President Bill Clinton, and the leader of the Republicans in the Senate, Bob Dole of Kansas, who is also about as close as his party comes at the moment to a national leader.

"They aren't really friends, but they aren't exactly enemies, either," he said. "More like a couple of panthers, I guess you'd say, circling each other in a clearing in the jungle."

In recent days, Mr. Dole has won one fight with the president and lost another. In one of the most fiercely and relentlessly partisan episodes in a long career that has also had important moments of bipartisanship, Mr. Dole blocked action on health-care legislation long enough so that most of its champions gave up, for this year at least. But he misjudged his strength badly on the crime bill, and when he tried to block that, he lost.

Now, Mr. Dole must decide what his tactics will be in the next big test. Should he continue to stonewall on health care when the search for a more modest bill resumes next month, as the hard-liners in his party are suggesting, or should he side with the Republican moderates, led by Senator John H. Chafee of Rhode Island?

Or to put the question in its historical context, stretching back to the

NEWS ANALYSIS

Taft-Eisenhower battle of 1952 and beyond, should the Republicans seek to define themselves by steadfast opposition to the Democratic agenda, or should they work with the Democrats on some issues and fight them on others?

Mr. Dole stands at the intersection of those two roads not only because of his job but also because of his politics. A conservative of the old Midwestern breed, he has nevertheless supported some Democratic civil rights mea-

sures, he abhorred Reaganomics and he has sometimes seemed ready to back a new system of health care, though not one that involves mandatory contributions by employers.

How he jumps next will help to shape not only the outcome of the health-care struggle but also the November midterm elections, in which his party stands a reasonable hope of regaining control of the Senate (which would make him the majority leader) and an outside chance of taking control of the House of Representatives as well.

His decision could also have an impact on his own electoral fate. His party's vice presidential candidate in 1976, he sought the presidential nomination unsuccessfully in 1980 and 1988, losing the New Hampshire primary and all his momentum in 1988 just when he seemed on the verge of winning.

With the retirement this year of Representative Robert H. Michel of

Illinois, Mr. Dole will soon be the senior Republican on Capitol Hill. He has been there for 34 years. But he still longs for the presidency. And many friends think he will run again in 1996.

Mr. Dole said two years ago that "a little gridlock might be good from time to time." But when voters are complaining about mindless squabbling in Washington, it is obviously not good politics all the time.

According to a recent Time-CNN poll, 48 percent of the public sees the Republicans on the Hill as the main authors of stalemate, while only 32 percent mostly blames the president.

On the other hand, Mr. Dole cannot simply allow Mr. Clinton to reap all the credit for legislative initiatives; he has to find some way to leave his mark, and that of his party, on public policy.

Some Republican moderates accuse Mr. Dole of hypocrisy in shifting away from his support of universal or nearly universal health-care coverage. There is no doubt that some internal Senate politics are involved; the moderates'

voice within the Republican conference is a feeble one, and no leader can stray too far too often from the rightist positions favored by a large majority of the 44 members.

Bill Kristol, who worked for former Vice President Dan Quayle in the White House and who now runs a policy analysis group espousing a hard line, said that "the center of gravity in the Republican party has changed." Mr. Kristol, who speaks often with Mr. Dole, added, "Immediately after the 1992 election, the majority view was that George Bush lost because he wasn't enough like Clinton. Now, most Republicans think he wasn't enough like Ronald Reagan."

"At the moment, appeasement of the Democrats is far more disliked in the party than obstruction, and Dole knows that, of course. He stays majority leader because he stays in touch. You'll see enough obstruction in him to satisfy the majority, enough accommodation to satisfy the others."

U.S. Moves Closer To Haiti Invasion

Multinational Force Forming

Reuters

KINGSTON, Jamaica — The United States and Caribbean nations said Tuesday that they were "moving briskly" in the direction of a military invasion of Haiti and that a U.S.-led force would begin training in Puerto Rico.

And in New York, Secretary-General Boutros Boutros Ghali said the United Nations had failed to arrange a last-ditch attempt to persuade Haiti's military rulers to step down peacefully.

A statement issued by senior American and Caribbean officials in Kingston after a meeting on the Haiti crisis said, "Our governments are equally united in their determination to take all necessary means to carry out the Security Council mandate to restore the democratic process in Haiti."

"Training is planned to begin immediately for the multinational force," said the U.S. deputy defense secretary, John M. Deutch. He said it was expected to take place at the U.S. military base at Roosevelt Roads, Puerto Rico.

The deputy U.S. secretary of state, Strobe Talbott, and officials of the Caribbean Community expressed hope that Haiti's military rulers would step aside soon and allow the elected president, the Reverend Jean-Bertrand Aristide, to return to power. But they said if the rulers did not do so, a multinational force would remove them.

Senior American officials said privately that the U.S.-led force was expected to total about 10,000 troops, most of them Americans.

Father Aristide was deposed in a coup nearly three years ago and now lives in exile in the United States.

Mr. Boutros Ghali declined to say flatly whether the next step was likely to be an invasion, as

authorized July 31 by a Security Council resolution demanding the restoration of Father Aristide.

"The group of states who have received a mandate to intervene in Haiti have to take their own decision," the secretary-general said. "It is no more in the competence of the United Nations, for the time being."

A special UN envoy, Rolf Knutson, had sought to persuade Haiti's military leadership to step down and allow the restoration of democratic rule, but Haitian leaders refused to meet directly with him.

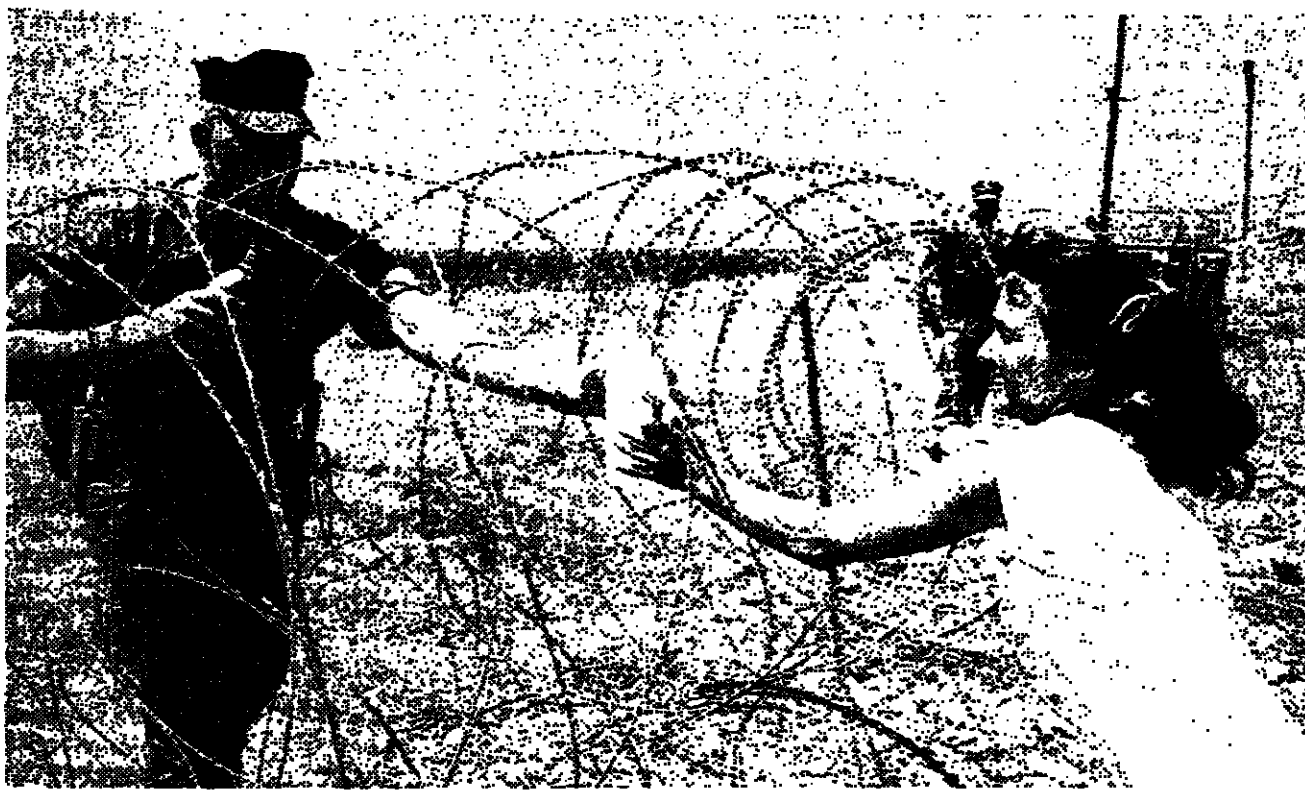
The United States has been working for weeks to get troop commitments from Caribbean and Latin American nations for a multinational force that could invade Haiti under the Security Council resolution.

The foreign minister of Jamaica, Paul Robertson, said at a news conference in Kingston with the American officials that at least four of the countries in Caribbean Community — Jamaica, Barbados, Belize and Trinidad-Tobago — were committed to supplying troops for any invasion force and that Guyana and the Bahamas were considering such a commitment.

But he said the community's total contribution would constitute only "a light company, approximately 266 troops."

The statement issued after Tuesday's meeting said Argentina and Britain had also agreed to participate in any multinational coalition, but a Canadian official reiterated at the meeting that Ottawa would not take part in any invasion of Haiti.

Pressed by reporters, Mr. Talbott and other officials refused to set an invasion deadline, but Mr. Talbott said Tuesday's agreement to begin training was "a watershed."



At Guantánamo Bay Naval Base in Cuba, a Cuban refugee passes a water bottle through barbed wire for a Marine to fill.

New Exodus, This One to Guantánamo

By Gabriel Escobar
Washington Post Service

SANTIAGO-DE-CUBA, Cuba — While attention has been focused on the refugee crisis in Havana, scores of Cubans have been fleeing the southeastern part of the island and apparently heading directly to the United States naval base at Guantánamo Bay, 65 kilometers away, according to residents here.

Unlike the chaotic exodus from the capital, where thousands of have gone to sea in makeshift rafts, residents described a much more organized effort involving dozens of fishing boats, many of which were stolen or commandeered from marinas here and in surrounding towns.

Although comparatively small in numbers, the steady migration from this historic city — Cuba's second largest and one that prides itself on being the cradle of the revolution — is a sign that the crisis has quietly spread beyond Havana and into areas long admired for their commitment to communism and to Fidel Castro in particular.

Indeed, the national silence that has greeted the flight from the eastern provinces is seen by some as a calculated effort to lessen a potentially serious moral blow to the government.

"You know why they don't say anything?" asked Ulysses Torralba Sánchez, an unemployed electrician. "Santiago is the heroic city, the city of the revolution. Here, the revolution has always been strongest."

It is difficult to assess how many people have left from here or other seaside towns in the southeast over the last two weeks.

But the fact that those who have ventured out have apparently chosen the base at Guantánamo as their destination is evidence that detention camps there are more a magnet than a deterrent and that the base itself, at least for some residents in the southeast, is seen as a very viable option.

Despite heavy security, a minefield and other safeguards, concern that Cubans will storm Guantánamo by land has been expressed by both governments from the onset of the crisis.

Residents, in particular those who live in

Guantánamo City, say the police are now restricting entry to the town to people who prove they live there.

With access by land cut off, residents said, waterfront areas like El Cangrejito, a marina by the bay here, and coastal towns like Bacanow, just east of here, became major launching areas about two weeks ago.

Residents said the police were constantly present, inspecting boats, settling disputes, controlling the crowds and confiscating the identification cards of those who were leaving.

As was the case in Havana, warnings from American officials that Cubans faced lengthy detention and no chance of migrating legally were ignored.

For those who are in favor of the exodus, these are the comprehensible acts of desperate men facing desperate situations.

And for those who are fervent believers in Mr. Castro and the revolution — and they are not hard to find here — these are the detestable acts of a minority that the country is better off without.

Downers of Copters Might Face Trials

By John F. Harris
Washington Post Service

WASHINGTON — A military review board has recommended that court-martial proceedings be brought against at least four members of the crew of an airborne radar plane that was in charge of the sky over northern Iraq when two U.S. Army helicopters were accidentally shot down by two Air Force jets, according to Pentagon officials.

The legal fate of the crew members of the AWACS radar plane that played a central role in the April 14 friendly fire incident, in which 26 people were killed, now rests with Lieutenant General Stephen B. Crocker, the commander of the 8th Air Force. The review board that he appointed advised that the lapses of the crew had been serious enough to warrant seeking punishment under the military justice system; it is up to General Crocker to decide whether to accept the advice.

A separate review board, under the authority of Major General Eugene D. Santarelli, the commander of the 17th Air Force, in Germany, will make recommendations about what action should be taken against the two F-15 fighter pilots who fired the missiles that shot down the two army Black Hawks.

It was a misidentification by the two F-15 pilots — they thought they were firing at Iraqi helicopters violating a flight ban — that was the immediate cause of the tragedy. But a non-

judicial inquiry into the accident conducted this spring by the military authorities also focused a sharp light on blunders by the AWACS crew.

The crew did not monitor the course of the army helicopters as they visited Kurdish settlements in northern Iraq, and it did not alert the F-15 pilots before they fired that the helicopters they were viewing were friendly, Major General James G. Andrews of the air force said at a news briefing last month.

At the time that General Andrews issued his findings, Defense Secretary William J. Perry said that if the AWACS had been operating properly, the accident would not have happened.

The review board appointed by General Crocker apparently agreed. It recommended court-martial against four crew members, and it has not yet decided what to do in a fifth case, according to a Pentagon source.

If General Crocker agrees, he will initiate an Article 32 investigation against the crew members, which is the equivalent of a grand jury in the civilian judicial system.

The Air Force has refused to release the names of the military personnel most directly involved in the incident, claiming that could jeopardize their legal rights if formal charges were brought.

In his briefing last month, General Andrews said that the commander of the AWACS crew had not been briefed for his mission.

One in 2 Children Does Not Live in 'Traditional Nuclear Family'

By Barbara Vobejda
Washington Post Service

WASHINGTON — One out of two American children lives in something other than what the Census Bureau defines as the "traditional nuclear family": a married couple living with their biological children and no one else.

The array of arrangements that have come to represent today's families include multigenerational homes where grandmother helps

raise the children, "blended" families of stepparents and half siblings and households where children live with their unmarried parents.

"Most of us would think of the typical family as a married couple with their biological children," said Stacy Furukawa, a Census Bureau demographer and author of the report released Monday. "We were just very surprised to see that situation is experienced by only half of American children."

Census officials stressed that they were not trying to make judgments about the relative worth of family arrangements, but simply describing the wide and increasing diversity in children's living circumstances.

Omar Rahman, a demographer with the Rand Corp., a California-based think tank, said there was no clear evidence that children living in the traditional nuclear families necessarily fared better than those in other circumstances.

"If the presumption is that that's the optimum living arrangement, the jury is still out," he said. "There is a lot of diversity, and it's not at all clear that it's bad."

The findings reflected large differences by race and ethnicity: While about 56 percent of white children live in a traditional nuclear family, the number drops to 26 percent among African-Americans and about 38 percent among Hispanics, who can be of any race.

Nearly three-quarters of children live in a household with two parents, although not necessarily their biological parents.

Of the nearly 64 million American children, 15 percent live in blended families, defined as homes that include at least one stepparent, step-sibling or half sibling, according to the report. "Diverse Living Arrangements of Children," which is based on 1991 data.

Away From Politics

● The Yale scientist who accidentally became infected with the Sabia virus with which he was working has been discharged from Yale-New Haven Hospital in Connecticut and is expected to recover fully. No secondary cases have been discovered among people with whom he had close contact or those who examined him or handled his specimens.

● A blood test for detecting prostate cancer has been approved by the Food and Drug Administration. The disease is the second most common cancer among American men.

● The Immigration and Naturalization Service awarded a nearly \$300 million contract to upgrade computer systems to help border agents catch and deport more illegal aliens.

● Schoolteachers convicted of felony sex crimes or distributing drugs to minors will be forever barred from California classrooms under a bill signed into law by Governor Pete Wilson.

● The international fishing industry dumped more than 740 million pounds (335 million kilograms) of edible fish overboard in the North Pacific last year, according to a study conducted for Alaska's Fish and Game Department.

● The first person granted political asylum by U.S. authorities because he was fleeing persecution for being gay has died of AIDS, his lawyers said. Ariel Da Silva, 36, a native of Mexico, died in Los Angeles last week. He was given asylum in March.

● An FBI agent caught a "most-wanted" computer hacker in a foot chase in West Los Angeles. Justin T. Petersen went on the foot chase a year ago while awaiting sentencing on a conviction stemming from the hijacking of radio station phone lines.

● A Northern California man pleaded guilty to setting three forest fires in 1992 in a plot to make money for outfits that lease fire-fighting equipment to state and federal agencies.

Racism Charge Heats Up Simpson Case

By Seth Mydans
New York Times Service

LOS ANGELES — In a heated exchange over the issue of race in the O. J. Simpson case, a defense lawyer has accused a white detective of having "repugnant" attitudes toward blacks, and the detective's lawyer has accused the defense of "malicious tactics" in trying to smear the officer.

As emotions rose and legal maneuvering intensified three weeks before the start of jury selection, Judge Lance A. Ito of Superior Court said Monday that he would strictly limit the lawyers' public statements about the case.

Judge Ito also said that he would unseal Wednesday an envelope containing a mysterious item of evidence submitted by the defense last month.

The exchange on the issue of race came as defense lawyers sought the personnel records of four detectives in the case, arguing that their attitudes and racism were crucial.

The arguments focused on one of the detectives, Mark Fuhrman, who testified at the preliminary hearing that while searching the grounds of Mr. Simpson's house he found a bloody glove that appeared to match a glove found at the scene of the killings.

[Mr. Fuhrman has been taken off field duties and assigned to a desk job, Reuters reported Tuesday. Mr. Fuhrman's lawyer, in interviews with NBC and CNN, said the decision had nothing to do with the Simpson case or the defense attacks but added that his client was unhappy about the shift.]

Mr. Simpson is charged with first-degree murder in the killings of his former wife, Nicole Brown Simpson, and her friend Ronald L. Goldman.

Johnnie L. Cochran, one of Mr. Simpson's lawyers, said that Mr. Fuhrman "harbors racial animosity toward African-Americans and, more specifically, toward African-Americans who are married to Caucasians."

Mr. Cochran asserted that in the past Mr. Fuhrman had shot a black suspect and tried to plant evidence that would incriminate him. Mr. Cochran also quoted from a recent deposition in which a woman accused the detective of having said that he would "make up" a legal pretext to harass an interracial couple.

In response, Mr. Fuhrman's lawyer, Robert Tourtelot, denied that the detective was racist and said the deposition by the woman, identified as Kathleen Bell, "smacks of a fabrication."

Mr. Tourtelot accused Mr. Simpson's defense lawyers of using "malicious tactics" to smear the detective and "attract attention away from Mr. Simpson in these brutal murders."

Limits on Publicity

Jim Newton and Andrea Ford of the Los Angeles Times reported.

Judge Ito has distributed a proposed order that would halt

everyone connected with the investigation from publicly discussing evidence, documents or exhibits.

The judge cited two reports last week as having been particularly irritating. One involved reports by the Los Angeles Times and television station KNBC-TV that microscopic analysis had determined that the hairs from a knit watch cap found at the crime scene resembled Mr. Simpson's hair.

The second was a broadcast report indicating that the item in the envelope displayed in court during the preliminary hearing was a knife. That information was first reported more than a month ago, although last week's story added that the knife "has been tested, was undamaged and still has a price tag on it," Judge Ito said.

A trial court not only has the authority but the affirmative duty to protect the right to a fair trial, Judge Ito wrote. He said that "the court must use its inherent authority to control the judicial proceedings."

★POLITICAL NOTES★

Quayle Says He's 'Thinking About' '96

WASHINGTON — Former Vice President Dan Quayle has denied press reports that he had decided to run for president in 1996, but he said he was "thinking about it."

CNN reported that Mr. Quayle, a former Republican senator from Indiana who served as vice president under George Bush, decided to run after sales of his book, "Standing Firm," were encouraging.

"Former Vice President Quayle hasn't made any decision and won't make any decision until after the November midterm elections," said a Quayle spokeswoman, Ann Hathaway.

But she said Mr. Quayle, who earned both ridicule and praise for his conservative "family values" theme in the 1992 campaign, had received a lot of encouragement from Republicans across the country to run. "So he's obviously considering it."

A recent Harris poll of 725 Republican and independent voters found the Senate minority leader, Bob Dole of Kansas, the early leader among potential Republican presidential candidates, with 17 percent support. Mr. Quayle was second, with 13 percent. (Reuters)

North Says Robb Lacks 'Moral Force'

WASHINGTON — Vowing to hound Senator Charles S. Robb until Election Day, one of his rivals in the Virginia senatorial race, Oliver L. North, has asserted that Mr. Robb has a "seriously flawed" character and lacks the "moral force" to hold public office.

Mr. North, appearing at a news conference in Arlington with sleeves rolled up and spilling for a political fight, vowed that Mr. Robb was "about to get an education" and for the first time referred directly to allegations that Mr. Robb has had extramarital sexual relationships.

Mr. North pointedly noted his fidelity to his wife and family, and said he did not have the "kind of character problem" that he said has plagued Mr. Robb.

In some of his most acerbic rhetoric to date, Mr. North, a Republican, called his Democratic opponent a "near radical" liberal and promised to attack him without let up.

Mr. North's strongest support comes from among conservatives and Christian fundamentalists, and his emphasis on family values has been a key focus in his campaign. Mr. Robb has acknowledged "socializing in situations not appropriate for a married man" while he served as governor in the mid-1980s, and he has apologized for hurting his wife and family.

A Robb spokesman, Bert Rohrer, said that Mr. North had "taken the low road" by reviving the allegations. Referring to Mr. North's admission that he had lied to Congress during the Iran-contra affair, Mr. Rohrer said, "Oliver North is in no position to question anyone's character." (WP)

Indian Tribe Supports Democratic Party

HARTFORD, Connecticut — The Mashantucket Pequot Indian tribe, having earned millions from the gambling business at its Foxwoods casino in Connecticut, is investing its profits in a new game: politics.

As the November elections approach, Pequot money is flowing across the country in abundant and increasing amounts, to Albany, New York, and Hartford as well as to Des Moines, Iowa, and Sacramento, California.

And virtually all of it is going to Democrats. In just the last few months, the tribe — whose roughly 300 members were expected to earn about \$600 million from the casino this year — has given \$100,000 each to the Democratic Party organizations in New York and California, and \$50,000 to the state party committee in Iowa, all in the direction of national party leaders. It has pledged \$250,000 for other state campaigns still to be named, and, over the last two years, has become one of the single largest contributors to the Democrats' national committee, with total donations of \$315,000.

Lobbyists and lawyers for the tribe say that Democrats have been good to the Pequots and to American Indians in general, and that across a broad spectrum of issues, from health care to education, the tribal council believes the Clinton administration is on the right track. Local Democrats helped the tribe gain federal recognition in the 1980s — an old debt that can now be repaid — and President Bill Clinton held an American Indian summit meeting at the White House in April that was viewed by the Pequots as symbolically significant. (NYT)

Quote/Unquote

Joe Trippi, a Democratic media consultant, on the death penalty as a central theme in political campaigns: "Voters understand the death penalty isn't the end-all or be-all, but it says to them, 'We know where a candidate stands, whose side he is on.' Are you on the side of the victims or, for lack of a better way of putting it, are you an ACLU liberal on the side of the criminals?" (LAT)

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Plutonium on the Agenda

As far as the world knows, the plutonium smuggled out of the former Soviet Union has not, so far, been sufficient to build a nuclear weapon. But the evidence that there is any trafficking at all in this sinister material is profoundly troubling. It is the most serious kind of a warning that governments — and not only Russia's — need to get urgently to work to manage and control the large surpluses of the stuff that the end of the Cold War has suddenly created.

In the past couple of years, a long shelf-full of reports and studies has described the dangers that can arise as the nuclear powers dismantle their weapons, especially in a state that has collapsed into separate and independent countries. The interceptions of small amounts of plutonium by the German police point to a lapse of security that many close watchers foresee as entirely possible. But few governments, and certainly not that of the United States, are ready to deal with it.

The United States does not have a clear strategy for dealing with its own excess plutonium, let alone that of other countries. Various agencies seem to be moving in different directions.

As for working with Russia, Congress has appropriated some money to help Moscow set up a tight system of accounting and control, but very little of that money has actually been spent. At-

tempts at cooperation have run into the general political turmoil there and, beyond that, a widespread reluctance among Russian officials to let foreigners anywhere near a substance that many still consider a great national asset. There are a lot of people, and not only in Russia, who equate plutonium with power in both meanings of the word — national power, but also energy to heat and light cities in a cold climate.

Russia's President Boris Yeltsin is to visit German Chancellor Helmut Kohl in Berlin next week, and later in September he is to meet President Bill Clinton. The security over nuclear materials deserves a high place on the agendas for these conversations.

Mr. Clinton and his foreign policy advisers have been greatly distracted in recent months by Cuba, Haiti and Bosnia. All three cases have real significance to the United States as tests of its principles, particularly its principles of human rights. But in terms of American national interest and national security, Caribbean and Balkan policy hardly compare to America's stake in the future of Russia and its nuclear armory. The leakage of plutonium so far is only a hint of what could happen. It is a hint that requires the most intense consideration by the two presidents next month when they sit down together.

— THE WASHINGTON POST.

Jobs Versus Inflation

Alan Blinder, recently appointed vice chairman of the Federal Reserve Board by President Bill Clinton, called last week for the Fed to use monetary policy to bring down unemployment from temporarily high levels. That put him at odds with Chairman Alan Greenspan's testimony to Congress that the Fed cannot control employment and ought to focus only on inflation. The difference at first blush seems stark: one man worried about jobs, the other about prices.

Mr. Blinder's declaration may have been intended to enhance the likelihood that the Fed chairmanship would elevate him to the White House when Mr. Greenspan's term expires in early 1996. But the statement should have come as no surprise. He preached the same doctrine as an academic and before Congress. Indeed, it is his dovish stance on inflation that made him an attractive appointment to a White House that desperately seeks to create jobs.

The dispute is real, but easy to exaggerate. Mr. Greenspan, too, is worried about jobs, which he believes are best created by wringing inflation completely out of the system. Both economists agree that the Fed cannot drive unemployment below current levels, about 6 percent of the labor force, without doing damage. According to both men, if the Fed were to pour money into labor markets that tight, wages would rise and drag prices and interest rates along. Eventually the Fed would be forced to stamp out the rising inflation by changing course — clamping down on the money supply and thereby throwing the economy into a job-despoiling recession.

Yet there are circumstances that could bring their differences to the surface. Suppose, for example, that inflation rose above current levels while unemployment climbed toward 7 percent. Mr. Blinder would probably advocate

pushing down interest rates in an attempt to spark investment spending and, therefore, more jobs. But Mr. Greenspan would argue that Mr. Blinder's policy would backfire because bond markets would anticipate that the Fed was about to trigger higher inflation and would therefore demand higher interest rates, the opposite of the result Mr. Blinder intended to achieve.

The important point, however, is that their policy prescriptions are unlikely to prove greatly different in practice. Neither economist is a zealot. Mr. Greenspan has skillfully steered the economy along a path of noninflationary growth by guiding monetary policy, no matter what he tells Congress, with an eye on employment as well as prices. Mr. Blinder says he is an inflation dove, slow to raise interest rates to combat inflation, but he voted to raise interest rates earlier this month even though inflation rates remain very low.

He was able to do so without jeopardizing jobs because he recognized that unemployment was hovering at around 6 percent, which is about as low as the economy can sustain over the long haul. Had the Federal Reserve refused to intervene with higher interest rates, inflation would almost surely have picked up by the end of the year.

When Mr. Greenspan and Mr. Blinder summarize their theories of intervention in the economy, neither sounds convincing. Neither Chairman Greenspan's sole focus on inflation nor Mr. Blinder's willingness to worry about inflation only after the economy hits capacity is a complete answer. But Mr. Blinder is surely right that the Federal Reserve must be concerned about employment, and it does not hurt for the nation's assembled bankers and economists to be reminded of that.

— THE NEW YORK TIMES.

Trimming at the Pentagon

The Defense Department faced two broad budget problems when the year began. President Bill Clinton helped deflect one, and now Defense Secretary William Perry and his deputy, John Deutch, may be moving toward a constructive solution of the other.

The first problem was to protect the already reduced amount of money that the president had proposed for defense.

Some in Congress wanted to impose further cuts and use the proceeds to help finance domestic programs. The president announced early on that he would oppose such a step, and he was right. The defense budget in recent years has already been cut more in real terms than most people realize and about as much as it ought to be in terms of national security. The president has prevailed. The appropriations caps to which he and Congress agreed as part of last year's budget agreement make it hard, but the defense bills will be in about the zone he proposed.

The second problem was that the president's budget still was not enough to finance the official defense program — to pay for everything that the services believed was needed.

There are, of course, two ways to look

at this mismatch. One is that it is the budget that needs to be adjusted, the other that it is the program. The difficulty is especially great in a period such as this, when the confrontation with the former Soviet Union has subsided and it is uncertain what dangers may take its place. What Messrs. Perry and Deutch have done is order the services to draw up plans for canceling or deferring some of the costlier advanced weapons on their lists. That would free funds to be spent instead on such things as readiness and military pay.

The argument against is that the department should not sacrifice the technological superiority that the threatened weapons would continue to provide. But that does not mean that every weapons system on the board has to be built, or built according to last year's schedule. The defense budget is not going to get any bigger in the foreseeable future. The planning and buying programs need to be based on that reality; they can't pretend it doesn't exist. If done right, the process that Mr. Perry and Mr. Deutch have begun will more likely avoid than create a future situation in which the services lack the resources they genuinely need.

— THE WASHINGTON POST.

Stockholders and Consumers Can Make Beijing Listen

By A. M. Rosenthal

NEW YORK — On just one issue, President Bill Clinton, American business and the Chinese Communist leadership have taught the people of the United States three nasty lessons.

The issue is human rights. It is a pallid phrase for what it means: freedom, or at least some surcease, from torture, forced labor and deprivation of the right to speak and worship as we are moved.

The question is what Americans can do, as individual members of a free society, to override their instructors. The answers: stockholder action, and boycott.

Mr. Clinton taught his lesson by betraying promises he made with his mouth while campaigning and with his pen after election — to use higher tariffs on Chinese goods to pressure Beijing into human rights relief for Chinese and Tibetans.

Thus he taught the world that his word on human rights cannot be trusted, even when he puts it on paper. Since this is an issue that touches the whole world, the cause of wars throughout modern history, it is a matter of moment and danger.

How can Mr. Clinton preach human rights in Cuba as a reason for the embargo, and be believed, after reneging on a pledge to use a much milder economic

weapon against China's greater tyranny?

How can he denounce ethnic cleansing in the Balkans and close his mouth and heart to moving Chinese into Tibet and Tibetans out of their homes — a continuing atrocity almost a half-century old?

The second lesson, from American business, is that Chinese and Tibetan blood and pain do not count on the bottom line. American business in China supes eagerly with the Devil. American executives, a plenitude, are now at table, ushered in by Secretary of Commerce Ron Brown to make deals, without reference to human rights.

When the issue was higher trade tariffs, the China trade said "no" and won. Then human rights supporters in Congress suggested targeting only products of the industrial empire of the Chinese army. Mr. Clinton and U.S. business said "no" — and won.

Now human rights groups ask business for a code that would show some smidgen of interest about labor conditions in China. From the administration and business, no action.

Writer, haven't you learned that business is business? Sure, but I learned at school and at home to kind of admire America, so it was just hard for me to believe right away that so many U.S. businesses would be so cold and so craven.

Lesson three. Beijing taught us that the Clintonian and business argument that more trade would mean more human rights in China was false.

Human rights groups and American correspondents report that persecution of dissidents and clergymen has increased pointedly since Mr. Clinton dropped the tariff threat.

The Chinese Communists are creating a system in which controlled capitalism and tyranny work together — familiar from Hitler to Saddam. Spare us Washington's pout of innocence.

But if Washington and American business do not care that their country and companies help finance torture cells, what can an individual American do about it?

Two things, together. Use the stockholder's right to demand a human rights code for every U.S. business investing in China. It worked on South Africa.

And in combination, boycott across

the board: shoes, toys, tools, and the thousands of other exports to the United States that give Beijing its \$30 billion annual trade bonus from America.

The China lobby, the administration and even some human rights people will say it will just get Beijing mad; forfend. But cutting down that huge trade advantage even by some annual billions will be the first economic pressure for human rights applied to China by Americans.

Beijing will at last face the choice between easing oppression and seeing its essential trade balance wither.

Combined with stockholder pressure on American corporations, backed by American labor, and preached in American churches and temples, a boycott could buy some liberty for persecuted Chinese dissidents, workers and clergy.

One sure thing: It would show more rights achievement than today's appeasement policy. That stands at zero, and getting lower.

The boycott would be an act of individual conscience, the answer to the old question: But what can just one person do? At least we would not be wearing stained clothes, and that would be good.

The New York Times.

Russia Isn't Supposed to Be Rebuilding a Soviet-Style Military Bloc

By Adrian Karatnycky

NEW YORK — In recent weeks, Russia and other former Soviet republics have pressed forward with plans to create a military alliance that mocks President Bill Clinton's Partnership for Peace, doing precisely what that proposal was designed to avoid: creating new Eastern and Western blocs.

More ominously, even as nuclear weapons are being withdrawn from Ukraine, Belarus and Kazakhstan, many in the Russian military and political elite want to reassert authority to protect former Soviet republics with Russia's nuclear arsenal.

The means for spreading Russia's nuclear reach is a draft agree-

ment for a military alliance, which is to be submitted early in 1995 to the leaders of the Commonwealth of Independent States. The plan was endorsed at a late July meeting of the commonwealth's Collective Security Council and is actively supported by Russia's defense minister, Pavel Grachev.

According to the commonwealth's chief of staff for military coordination, General Viktor Samsonov, Russia's strategic nuclear forces will provide a kind of shield against "possible aggressive intentions against all CIS participant states."

The draft security treaty also calls for the eventual creation of joint armed forces, collective peacekeeping forces and a joint air defense system. In short, it seeks to restore a cohesive, coordinated military force under unified control and under Russia's nuclear protection — a defense arrangement resembling that of the Soviet Union.

The West has no strategy to deal with the threat of post-Soviet integration.

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While Washington's attention is focused on the smuggling of small — if deadly — amounts of plutonium, the far more important commitments to remove and dismantle the nuclear arsenals of Ukraine, Belarus and Kazakhstan could be undermined.

Until the new military alliance began gathering support among the independent republics, the Soviet nuclear shield had been steadily receding. The United States should now make clear that the expansion of that shield would disrupt the equilibrium between NATO, the former Soviet republics and Eastern Europe.

The Nuclear Nonproliferation Treaty is of only limited help. It restricts the dispersal of nuclear weapons but does not prohibit states from allowing allies to station nuclear weapons on their soil.

So the United States and its NATO allies will have to use all diplomatic means to convince Russia that it isn't anyone's interest to draw more countries behind a nuclear trip wire.

At the moment, Russian foreign policy is in the hands of pragmatists committed to democratiza-

tion, economic reform and cooperation with the West. But the

Yeltsin team faces a stiff internal challenge from popular and powerful anti-Western forces. Support for the restoration of the Soviet Union is widespread in the Russian military, and the Parliament is dominated by anti-Western rhetoric — from Vladimir Zhirinovskiy's neo-imperialist rantings to the vituperative speeches of the Communist leader Gennadi Zyuganov, whose party seeks to revive the U.S.S.R. and attacks the United States for seeking to impose a worldwide "military dictatorship."

Moreover, the pro-Communist Agrarian Party has made common cause with nationalist zealots like Sergei Baburin.

Together, these parties cap-

tured nearly 50 percent of the vote in Russia's December 1993 parliamentary elections, suggesting that a candidate sharing their anti-Western views has a real chance of winning Russia's 1996 presidential elections.

As Russia's defense establishment presses forward with efforts to build a new military alliance, America and NATO should ask against whom this alliance and its nuclear shield are directed.

With Russia's democratic future open to question, the United States ought to be unequivocal in its opposition to a new military-political-nuclear alliance among the states of the former U.S.S.R. It should concentrate on convincing Ukraine, which still holds the world's third largest nuclear arsenal, to honor commitments to re-

linquish it and to resist Russian entreaties to join its military bloc.

The West has so far failed to develop strategies to deal with the threat of post-Soviet integration. At this delicate moment, a miscalculation could mean acquiescence in a new post-Cold War rivalry. And if reformers fail in Russia, a new East-West nuclear divide could prove as damaging to the interests of democracy and prosperity in the region as the decisions made half a century ago by the Allies in Yalta.

The writer is president of Freedom House, a human rights organization, and co-author of "New Nations Rising: The Fall of the Soviets and the Challenge of Independence." He contributed this comment to The New York Times.

Apology

The issue of IHT for 2 August contained an article by Philip Bowring on the subject of "Asian Values." The article contained a reference to a "battle between the corporatist needs of the state and the interests of the families who operate it" and "dynastic politics" in Asia and in Singapore.

We recognize that this passage meant to readers that Mr. Lee Hsien Loong (currently Deputy Prime Minister and a Cabinet member for 10 years) had been appointed to his present post of Deputy Prime Minister by Mr. Goh Chok Tong (the Prime Minister); and earlier posts of Minister of State and subsequently Minister for Trade and Industry by Mr. Lee Kuan Yew (currently Senior Minister and until November 1990 Prime Minister), not on his own merits but purely because he was Mr. Lee Kuan Yew's son; and that there was a battle between the corporatist needs of the state of Singapore and the interests of the Lee family (father and son) who operated it.

We admit that these allegations are completely without foundation. We apologize for them without reservation to Prime Minister Goh Chok Tong, Senior Minister Lee Kuan Yew and Deputy Prime Minister Lee Hsien Loong. We undertake not to make further allegations to the same or similar effect.

Richard McClean, Publisher.
John Vinocur, Executive Editor.
Philip Bowring.

In Japan's Schools, World War II Is No Longer Something to Skip

By T. R. Reid

TOKYO — What do the Japanese teach their children about World War II?

A recent outbreak of war-related controversies here has demonstrated that Japanese feelings about this nation's role in the world war remain confused, conflicted and contentious. Nearly half a century after the last bombs exploded, the Japanese are still engaged in explosive arguments about to whom and how much they ought to apologize.

In the Asian countries that Japan invaded, and in the West as well, it is often said that this lingering confusion is due in part to Japanese education. It has been conventional wisdom that Japanese history classes and textbooks skip World War II, offering vague explanations of Japan's motives and ignoring examples of Japanese brutality toward its perceived enemies.

But this view may be out of date. A Washington Post survey of the 12 textbooks most widely used in Japanese schools this year, plus various supplementary materials often used by teachers, indicates that textbooks have considerably increased their coverage, and their criticism, of Japan's actions in World War II. In 1989, the Education Ministry issued a new set of curriculum standards for history education; among other things, the standards call for increased attention to 20th century events and Japan's relations with other Asian countries. High school and college entrance exams now include many questions about World War II, giving students and teachers a major new incentive to focus on the war.

Accordingly, textbook publishers have responded. The current editions of major textbooks state that Japan waged a "war of aggression" as a "fascist state" allied with Italy and Germany. The books discuss Japan's use of poison gas and slave labor in Asia.

The textbooks now include information about Japan's brutality toward its Asian neighbors. Every text surveyed discussed the Rape

of Nanking, a 1937 massacre of more than 100,000 Chinese civilians that is perhaps the most notorious of the Japanese war crimes. Until about a decade ago, the massacre was not even mentioned in most Japanese schools.

None of the textbooks surveyed has much to say about the role of the late Emperor Hirohito in approving or steering the war effort. Even today, that question is too emotionally and politically charged to deal with.

The texts all note that Japan's government refused to surrender even when there was no hope of victory, "determined to... fight to the death on Japanese soil, whatever sacrifices this might mean for the people," as the sixth-grade text "New Social Studies" puts it. And yet the kamikaze suicide pilots are barely mentioned in textbooks here.

In the current crop of texts, the outline of World War II in Asia is close to what American students learn: Japan set out early in this century to conquer and colonize East Asia — not to "liberate" the Asians, as nationalists here maintained. The United States responded with economic sanctions, demanding that Japan withdraw from the Asian mainland. In response, Japan's government made a cold-blooded decision to attack the U.S. fleet at Pearl Harbor but continued sham negotiations with Washington to make sure the raid would be a surprise.

While Americans consider it natural that textbooks become more theoretical and more analytic as the students get older, in Japan the opposite pedagogical style rules. The elementary and junior high history texts here pose many discussion questions and frequently ask pupils to consider how the war looked from the viewpoint of Japan's enemies. The high school texts, in contrast, are dry and factual.

Discussing Japan's motives for its attempted conquest of East

Asia, for example, the high school text "Japanese History in Depth" says: "Japan claimed the goal was to liberate Asia from Western colonial rule... However, inside Asia, resistance grew against the so-called 'Great East Asian Co-Prosperity Sphere,' Japan's effort to replace the Western powers with Japanese dominance."

But the elementary school text, "Social Studies, 6th Grade," makes the same point through questions to the student.

In one chapter, the book discusses the "unequal treaties" that Western nations imposed on Japan and other Asian countries in the 19th century. Moving on to 20th century history, it says, "Japan itself imposed an unequal treaty on Korea in an attempt to gain a footing on the continent."

In the margin of the page, an illustration shows a sixth-grade girl asking, "Say — didn't we hear about 'unequal treaties' somewhere else a little earlier?"

The textbook "Junior High Social Studies" tells of Yu Gwanum, "the Korean Joan of Arc," and other Koreans who were tortured and killed for resisting Japanese control. "But few Japanese," it says, "made any attempt to understand the outlook and circumstances of the Korean people who sought freedom and independence."

The attack on Pearl Harbor on Dec. 7 (Dec. 8, Japan time), 1941, gets a passing mention in most texts. "Japan, which had been secretly preparing for war while continuing negotiations with the U.S., invaded the Malay Peninsula on Dec. 8, 1941, and also attacked the U.S. bases at Pearl Harbor, Hawaii," notes "Junior High Social Studies — History Section." "As a result, the whole world had become a battlefield, with the fascist countries of Germany, Italy and Japan pitted against the Allied Powers, the U.S., Britain, U.S.S.R., China and others."

Textbooks and supplementary materials used in schools today

discuss Japanese atrocities against Asian nations, explaining why the rest of Asia still feels anger and suspicion toward Japan. That may explain the angry reaction both in Japan and in East Asia this year when Japan's then justice minister declared that the Rape of Nanking was a "fiction." The texts surveyed all describe the 1937 massacre, with estimates of the dead ranging from 110,000 to 300,000. The books describe similar Japanese conduct in Manchuria and Korea.

Both Japanese and foreign commentators have noted for decades that many Japanese people see their country as the victim of World War II, even though Japan started the war. For all the new focus on Japan's selfish motives and evil deeds, the current texts also provide material to feed the sense of victimization.

All the texts surveyed devote considerable attention to American bombing raids on Japan, with photos and paintings and quotations from people who lived through the raids. The atomic bombs at Hiroshima and Nagasaki get the most attention, with considerable discussion as to why the United States dropped the bombs.

Most texts cite the theory that President Harry Truman felt the bomb would shorten the war. But they don't stop there.

"Was the atomic bomb really necessary?" asks "Junior High Social Studies." "President Truman said that use of the atomic bomb saved the lives of tens of millions of American and allied troops. And English scientists claimed that the dropping of the atomic bomb sacrificed... the citizens of Hiroshima and Nagasaki as pawns in postwar strategy toward the Soviet Union. Another theory holds that the bomb was dropped in order to justify... the \$2 billion spent in making the bomb."

The writer is Tokyo bureau chief for The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Alien Anarchists

NEW YORK — Although the bill to exclude alien anarchists from the United States failed to pass the House the Administration has determined to stretch the existing laws as far as possible. All the United States Consuls have been instructed to warn the State Department of intended departures of suspects and to send their photographs wherever possible. The principal objection to the bill was that the question of whether a man is an anarchist ought not to be determined by an executive officer but by the Courts.

1919: Pershing Departs

PARIS — General Pershing leaves for America to-day [Aug. 31]. The work he has accomplished while in France constitutes one of the most glorious pages in the annals of the United

States, indeed, of the world. There is, of course, cause for grave concern in the outlook to-day; but in comparison with the situation that existed in the summer of 1917 one is almost ashamed to feel any uneasiness of the future. When General Pershing landed in France, civilization itself was in mortal danger. That it was not utterly destroyed is due to his genius for organization and leadership and to his steadfastness.

1944: Premier de Gaulle

PARIS — [From our New York edition:] A provisional French government, headed by General Charles de Gaulle as President of the Council (Premier), and including Communists and some men whose real identity is still hidden by assumed war names, was announced today [Aug. 30] by the French Committee of National Liberation.



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A Plague of Locusts, Lured by Big City Lights (Poor Things)

By Molly Moore
Washington Post Service

NEW DELHI — The first evidence of the invasion was the crunching sound beneath Vinoo Samuel's motorcycle wheels. Then came the stinging of tiny bodies hitting his face. Within minutes, he was surrounded. "They flew in hordes," said Mr. Samuel, 30, who witnessed the invasion of the grasshoppers while driving home from his job as a copywriter at an advertising agency. "People panicked. They were hopping around, brushing them off. They covered the windshields of the cars."

Hundreds of thousands of them rose from their usual habitat in the marshes around the Yamuna River last week and headed for the city lights. Evening rush-hour traffic stopped dead for two hours on the Nizamuddin Bridge as soon as the street lights blinked on. The green-and-brown grasshoppers slipped through the wide cracks in many Delhi window-sills, drawn to the lamps inside. Children fled the clouds of insects that settled in city parks. City gardeners fretted as the hoppers began devouring basil bushes and flowering hedges, and street sweepers scooped them up by the basketful and hauled them away from ceremonial grounds.

When Mr. Samuel arrived home after his harrowing ride, he found the door to his apartment coated with the critters.

The newspaper headlines read like the titles of horror flicks: "Grasshoppers invade Delhi" read a banner in the Pioneer. "Giant grasshopper invasion may last for a year," warned Asian Age.

But these are not the locusts of biblical lore, nor are they the crop-devouring locusts that annually assault the farmlands of Pakistan and Rajasthan.

"These poor little things," said Indrajit Singh Malhi, an entomologist in the plant protection unit of the Agriculture Ministry. "They are attracted to light — that is why they are getting into houses and flats."

'It's nothing compared to the locusts at home in the village. There are so many they block out the sun.'

Gurnam Singh, a native of India's Punjab region

tracted to light — that is why they are getting into houses and flats."

Not since 1975 has Delhi seen such a massive infiltration of grasshoppers. Usually they are content to munch the marsh grasses along the banks of the Yamuna and Hindon rivers on the outskirts of Delhi, where they emerge during the summer monsoon.

This year, however, the monsoon has been longer and wetter than usual. More rain means more grasshoppers, and that means more grazing grounds.

According to Mr. Malhi, they spilled into the alien "concrete jungles of Delhi" where they were promptly smashed by the thousands beneath the wheels of vehicles.

"They were all over the road," said Ishwar Singh, head constable on the evening watch at the Nizamuddin Bridge in New Delhi. "They came and attacked the drivers of the two-wheelers on the face and hit them in the eyes. I've never seen anything like it."

Gurnam Singh, a cab driver, was napping on a rope cot beneath a tree

at his cab stand when he was suddenly awakened by grasshoppers falling from the branches.

"But, it's nothing compared to the locusts at home in the village," said Mr. Singh, a native of India's Punjab breadbasket. "There are so many they block out the sun."

Still, experts warn that the grasshoppers have moved into the city during their prime egg-laying cycle. "Next year, because of all the eggs that have been laid this year, they may start hatching profusely," Mr. Malhi said.

But a more likely scenario, he said, is that faced with concrete buildings and paved roads instead of soft marshy land, "these poor little things would not be able to lay any eggs and they would just die."

For this year, the grasshopper's life cycle should come to an end sometime in the next week, he said, ending the siege.

Nigerian Oil Production Is Said to Remain Strong

Reuters

LONDON — Nigerian crude oil production has stabilized at about 1.4 million to 1.5 million barrels a day, only about 400,000 barrels below the country's average output despite a prolonged oil workers' strike, industry sources say.

The sources, who work for Western oil companies operating in Nigeria, said only the country's two largest oil systems, Forcados and Bonny, operated by the Royal Dutch/Shell Group, remained noticeably affected by the strike. Both were subject to sabotage by striking workers, the sources said.

But exports of the high-quality crude oil, heading mostly to the United States and Western Europe, have been barely af-

fectured by the pro-democracy walkout, with loading delays of a few days.

On Monday, Labor Minister Samuel Ogburn said his government was taking seriously union threats of sabotage. He said appointed administrators would take over union offices and assets, examine accounts and organize elections for new union officials.

Oil workers have been on strike since July 4, demanding the release and installation to office of Moshood K.O. Abiola, who claims that he was unfairly denied the presidency after elections last year. Mr. Abiola's treason trial failed to resume as scheduled on Tuesday. It was unclear why, nor was it known when it would resume.

FRAUD: Trade Thrives in Nigeria

Continued from Page 1

ly on forged government or corporation letterheads to businesses and individuals in a market stretching from South Dakota to Ulan Bator.

Generally, the frauds promise big money through bogus government contracts, real estate purchases, merchandise orders, unclaimed inheritances and, lately, even promises of reimbursements to people who have already been defrauded — the double whammy.

The victim becomes hooked on the lure of millions and begins sending the perpetrators thousands of dollars in "taxes" and "legal fees" to free up the nonexistent money in Nigeria. "It's kind of like gambling," said one Western diplomat. "You get in so deep you keep putting money in to get something out of it."

George Davis, a retired Texas oil engineer, is a typical victim. Late last year, he received a letter from a phony Nigerian company ordering \$15 million in industrial hardware from his business, International Equipment, which he had set up after retirement.

Mr. Davis, 67, a disabled veteran, envisioned a sizable profit. Instead, he ended up filing for bankruptcy after sending at least \$70,000 in "fees" and never seeing a penny of the promised millions.

"I guess I just have to start over," he said. "No use in looking back."

In many of the scams, Nigerians manage to persuade business people to come to Nigeria to work out the details of their contracts. Often they are robbed shortly after arrival, and some have been killed. One American was burned to death and his body dumped in front of the Lagos Sheraton.

The citizens' services section of the U.S. Embassy frequently

escorts Americans out of Nigeria after they have gotten deep enough into the scams to be frightened by their business associates.

The airport in Lagos is reason enough to be afraid. The United States last year banned direct flights here because of lax security at the airport. One foreigner suffered a heart attack when he arrived to discover bullets flying during an armed robbery.

The U.S. State Department has issued a dozen "scam indicators" for Americans tempted to do business in Nigeria. They range from "any offer of a substantial percentage of a large sum of money to be transferred into your account, in return for your 'discretion'" to "letters claiming the soliciting party has personal ties to high Nigerian officials" to the rather plaintive "any deal that seems too good to be true."

According to a diplomat, the Nigerian government, intentionally or not, encourages the fraud by failing to prosecute offenders. "A couple of good cases would make a big difference," he said.

One Justice Ministry official, while acknowledging that advanced-fee fraud was a problem in Nigeria, said foreigners who became involved in the scams were to blame as well. In many cases, this is true. The authors of scam letters often claim their proposals stem from ill-gotten money.

"When some of them were told that the contract was inflated, anyone with sense would know that this was illegal, but still they came to Nigeria," said the official. "When they lost money, they complained. If they didn't lose money, they wouldn't complain, would they? Many of them are fraudsters themselves who came to Nigeria to collect money they never earned."



Rwandan refugees waiting for permission from Zairian authorities Tuesday as they attempt to cross the border at Goma.

Kigali to Take Over Southwest Rwanda Haven

The Associated Press

KIGALI, Rwanda — The Tutsi-led government of Rwanda proposed Tuesday slowly extending its control over the former French protection zone in the southwest, where more than 1 million Hutu sought refuge.

French troops completed their withdrawal from the zone Aug. 22, handing it over to United Nations peacekeeping

troops. UN officials and aid workers had feared the withdrawal would prompt Hutu in the zone to panic and flee into Zaire.

But a second great exodus of Rwandans into Zaire did not materialize, as only about 70,000 Hutu fled after the French withdrew. Now the government has unveiled a plan to take control of the region.

Shaharyar Khan, the UN special repre-

sentative for Rwanda, said Tuesday the United Nations would help the government re-establish civilian authority in the area over the next few days. Government security and armed forces would be phased in afterwards, the representative said. Rwanda Patriotic Front rebels defeated the former government military forces in July and established a government in Kigali.

MERGER: New Defense Giant

Continued from Page 1

such as information systems, space launchers and energy.

"These are Darwinian times in our industry, and the failure to change is the failure to survive," said Norman R. Augustine, chairman of Martin Marietta, who is to become president of the new company. The Lockheed chairman, Daniel M. Tellep, who said he initiated the merger with a telephone call six months ago, will become its chairman.

Mr. Augustine, four years the younger and a former undersecretary of defense who has been the leading commercial proponent of the defense consolidation wave, will succeed Mr. Tellep, now 62, when the current Lockheed chairman retires at age 65 or before. Both are engineers and defense industry veterans.

But the most important initiator of the merger was the Pentagon, whose procurement spending has fallen 70 percent, in inflation-adjusted terms, since the peak years of the Reagan military buildup.

Eighteen months ago, Les Aspin, then the defense secretary, completed a review for President Bill Clinton and called in the chiefs of the Pentagon's 20 largest contractors for dinner. They were told in no uncertain terms there were too many of them — five aircraft makers and five shipbuilders, for example, when the Pentagon felt two would be enough.

As Mr. Augustine recalled, many of the company leaders leaving the dinner told their competitors, "These are going to be tough times for you."

He and Mr. Tellep were determined to be among the survivors, by acquiring parts of other companies as the industry consolidated.

Mr. Augustine said competitive bidding had raised the cost of acquisitions from 25 cents for every \$1 of a company's sales five years ago to 65 cents now. His bid to take over the ailing Grumman Corp. failed when he refused to match Northrop Aviation's high bid. Since then, he has turned to friendly mergers. This one took six months to arrange.

Japan Satellite in Trouble

Reuters

TOKYO — Japan's experimental satellite, launched by its homegrown H-2 rocket, appeared to be in danger Tuesday of becoming space junk after developing a serious problem for the second consecutive day.

A spokeswoman for the National Space Development Agency said insufficient thrust forced engineers to suspend fuel injection minutes after a first firing of the satellite's liquid-fuel engine early Tuesday.

The Mainichi newspaper said that controllers would be unable to adjust a faulty valve controlling fuel injection from the ground and that Japan was poised to lose the 41.5 billion yen (\$415 million) spent on making the satellite.

The satellite was planned to settle in orbit 36,000 kilometers (22,500 miles) above the equator and carry out experiments on communications between satellites and moving objects on Earth.

SLAVES: Japan to Offer Amends

Continued from Page 1

though the funding for women's centers is welcome, they say, the problem is that Japan is trying to avoid legal responsibility for its actions by offering only symbolic compensation to victimized women, whose numbers are rapidly dwindling.

"A Reparations Washout," screamed a headline in the newspaper Asahi. Mr. Mur-

ayama apologized for Japan's wartime aggression as he visited the Philippines, Vietnam, Malaysia and Singapore over the past eight days. But Prime Minister Mahathir bin Mohamad of Malaysia told Mr. Murayama to ease up.

"I don't understand why Japan keeps apologizing for what happened 50 years ago," Mr. Mahathir said.

Smithsonian Plans Equal Time for U.S. In A-Bomb Display

By Ken Ringle
Washington Post Service

WASHINGTON — Trying to defuse a mounting controversy over its planned exhibition on the atomic bombing of Japan, the Smithsonian Institution has announced that it will be accompanied by a separate exhibition about how Americans experienced World War II.

The action comes amid increasing criticism of the atom bomb exhibition, which veterans groups and others charge ignores Japan's years of aggression in Asia and the Pacific, and pictures the Japanese as needlessly victims in a war of American racism and vengeance.

Critics say the exhibition should place greater emphasis on the dropping of the bomb on Japan to end the war without an invasion of the Japanese mainland, which they say would have cost hundreds of thousands more lives on both sides.

Curators at the Smithsonian's National Air and Space Museum have revised the script several times in an effort to deflect the criticism. Two dozen members of Congress wrote the Smithsonian secretary, Robert

McC. Adams, on Aug. 10, however, protesting that "examples of the anti-American prejudice and imbalance of the exhibit are many" still, and that Air and Space appeared to be "digging in its heels to defend an indefensible position" rather than working to make the presentation more historically accurate.

The original exhibition, "The Last Act: The Atomic Bomb and the End of World War II," is scheduled to open in about nine months, in time for the 50th anniversary of the bombings of Hiroshima and Nagasaki. Monday's announcement said visitors to "Last Act" will now pass through a 4,000-square-foot exhibition tentatively titled "The War in the Pacific: An American Perspective," focusing on military engagements from Japan's first attacks on China in 1937 until the capture of Okinawa in June 1945.

The centerpiece of "Last Act" will be the restored forward fuselage of the Enola Gay, the B-29 that dropped the first atom bomb on Hiroshima on Aug. 6, 1945.

CUBA: U.S. to Offer to Relax Rules

Continued from Page 1

refuge status to some Cubans even if they do not meet the strict standards for asylum.

Under existing immigration rules, the parents, children, spouses and siblings of naturalized Americans can qualify for visas, but cousins cannot.

According to several officials, Attorney General Janet Reno plans to use her emergency powers under the immigration laws to raise the number of Cubans admitted each year to the legal ceiling.

To help reach the ceiling, she is also expected to allow some or all of the 19,700 Cubans who are on a waiting list for visas to jump the line and receive visas this year. Some of those Cubans, many of them brothers and sisters of Cuban-Americans, have been waiting for visas for 10 years.

Several administration officials said they hoped that this new offer would win Mr. Castro's approval and put an end to the refugee crisis. The Coast Guard has picked up more than 18,000 Cubans in the Straits of Florida since Aug. 1.

"We think the Cubans need to control illegal departures and we need to facilitate legal departures," a White House official said.

Mr. Castro has long pushed Washington to expand legal immigration from Cuba, partly because it would help serve as a safety valve for discontented Cubans to leave the island.

In 1984, the Reagan administration agreed to grant visas to up to 20,000 Cubans a year. Under immigration laws that went into effect in 1990, that ceiling has climbed to 27,845.

"We are going to recommit to that number and be more precise about how to get to those figures," a senior administration official said.

The officials said that Ms. Reno and Doris Meissner, the commissioner of the Immigration and Naturalization Service, were developing additional ideas to be presented at a White House meeting on how best to accomplish this.

The United States and Cuba agreed to meet on immigration after the Clinton administration requested the talks to resolve the current crisis.

ULSTER: Truce by IRA Awaited

Continued from Page 1

Catholic. The British government sought Tuesday to calm the fears of Protestant loyalists, who favor continued union with mainland Britain, by having unnamed spokesmen reassert that no concessions were given to the IRA. The cornerstone of that policy is still that there can be no change in the status of Ulster without the consent of the majority there, the spokesmen said.

But the reassurances did not sit easily with some Protestant leaders, who charged that they were being sold out. Among them was the fiery Reverend Ian Paisley, who accused the government of "caving in" to Sinn Fein and said that an agreement taken against the "democratic wish" of the people of Northern Ireland was "a recipe for civil war" there.

An extremist illegal loyalist group, the Ulster Freedom Fighters, which has been assassinating Catholics, warned Monday night that it would not "sit back and allow ourselves to be coerced and persuaded into an all-Ireland."

The news agency Reuters quoted the White House press secretary, Dee Dee Myers, as having said that the United States was considering a package of aid to Northern Ireland if a cease-fire was successful.

The Irish prime minister, Albert Reynolds, said that a historic opportunity was present. He called it "the best opportunity since partition" seven decades ago.

Much of Tuesday's speculation centered on the critical question of not just whether a cease-fire would be announced but for how long. Some commentators suggested that the IRA might publicly call a halt to the violence, which on all sides, has claimed 3,168 lives over the past 25 years.

In December, the British and Irish governments pledged that Sinn Fein would have a place at the negotiating table if it renounced violence. Prime Minister John Major said that a cease-fire of three months would open the door to talks.

In that context, a strong IRA statement giving up violence would put considerable pressure on the British government.

SOCCER: Two Young Africans and an English Ghost Have a Rendezvous in the Shivery, Gray Industrial North

Continued from Page 1

relate to Albert. Masinga's father was a wages clerk at the mines; Radebe will send home the money from Leeds to a family of 14 in Soweto.

They laugh a lot. They know their roots. They cannot have failed to see pictures in the English press this summer of Nelson Mandela, now president of

South Africa, clad in the team-shirt of a Leeds rival, Liverpool. Mandela and his struggle to break the evil of racial discrimination is their living history. Johannesburg's Cup Final, against Liverpool, lies on the memory of the president, and it was he who, during a brief visit by Liverpool to play in Johannesburg, requested the red shirt and a photograph with the players.

Hero worship knows no barrier. It is a strange fact of life that even the great fighters of history, politicians and businessmen and soldiers, harbor a boyhood dream of running down the wing and creating or scoring the winning goal.

Masinga and Radebe, plucked out of the townships for the relative pittance of \$750,000 the pair, are living the dream. "For us, players like McAllister and Strachan are legends," says Masinga, referring to Leeds United play-makers Gary McAllister and Gordon Strachan.

"We know them from television. But now they encourage us all the time, they tell us to keep our heads up, not to bow down. We are trying."

You bet Masinga is. He scored a headed goal against Chelsea last Saturday that raised a stadium of northern English folk to chant "Waltzing Masinga." His elusive roving, his movement and balance, reminded old-timers of Johannes-

Masinga has come a long way from Mamelodi Sowdons, where he scored goals almost as freely as a bird flies. Radebe, his pal and traveling companion, has yet to obtain the work permit that completes his journey from the defense of Kaiser Chiefs to the Leeds side.

Whatever they achieve in Leeds' colors, the coach of their new team believes the two young Africans already are helping revitalize a Leeds team that had, perhaps, grown a little stale, a trifle burdened by recent successes.

"These two have grown up in the sort of environment that players in this country were growing up in 60 or 70 years ago," said coach Howard Wilkinson. "They bring a new dimension to the way we see things."

A new, or an old dimension? The former Leeds colleagues of Johanneson will never forget the timidity with which he came among them. Johanneson came on the recommendation of a school teacher who saw him

kick a ball for the first time when he was 18 and marveled at the uninhibited, innocent way young Albert played. On day one at Leeds' Elland Road ground, Johanneson hung back after training, scared beyond credibility at the thought of entering the white man's communal bath. They stripped him and threw him into their bath, tried to throw him into their team pool.

They knew from the start what he could do. He could fly down the left flank, cross the ball, and enable Jack Charlton, nowadays the coach to Ireland's national team, to head a goal.

He could because seasoned professionals with his tricks, and one goal he scored against Newcastle United on Easter Monday 1964 is folk lore. "Albert? By cack, that's seen nowt better than the way he side-stepped three defenders, watched the goalie coming, and kicked the ball past him."

He was dubbed The Black Matthews, the highest accolade of postwar English compari-

sons to Stanley Matthews, whose wingcraft earned a knighthood. Sir Stanley in time was to live in South Africa, a world-famed footballer, hand-somely paid to teach the kids as apartheid faded away.

It was mostly black kids because, though the South African blacks never put up barriers to whites who were humble enough — and farsighted enough — to join in their sport, many whites segregated off into rugby.

Lamentably, Albert Johanneson found racism in England too. He could be put off his game by vile chants at grounds such as Everton, he could be diminished, even perceived as cowardly, by hard kicking full-backs.

The newcomers from Johannesburg may be made of sterner stuff. They are born of a generation given cause to hope that in sport as in everything else, they are no worse than anyone else. With luck, they will never truly know the struggle that wracked Albert Johanneson.

Rob Hughes is on the staff of The Times.

On September 21st, the IHT will publish the first in a two-part series of Special Reports on

Infrastructure and Development

Among the topics to be covered are:

- The link between infrastructure projects and living standards in Asia.
- China's Three Gorges dam, the world's largest hydropower project.
- The \$20 billion Hong Kong airport.
- Power plants, road building and other projects in Indonesia.

An extra 1,000 copies of the supplement will be distributed in Jakarta on October 17th at the World Infrastructure Forum - Asia 1994, to which the IHT has been appointed the Official Publication.

For further information, please contact Bill Mahler in Paris at (33-1) 46 37 93 78, fax: (33-1) 46 37 50 44.

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MARKET DIARY

Economy Supports Market's Advance

Bloomberg Business News
NEW YORK — Stock prices moved upward Tuesday for the fourth day of five amid optimism that economic growth will

U.S. Stocks

remain strong enough to keep corporate profits rising, and that interest rates will hold steady.

Aerospace issues got a boost when Lockheed Corp. and Martin Marietta Corp. agreed to merge, creating the country's largest defense contractor. Analysts said, however, that while the defense sector was bolstered, it had few implications for the broader market.

"Inflation is in check, you have strong enough growth, and as long as rates are going to remain the same, that's good for the market," said Anthony Conroy at Morgan Securities Corp. The Dow Jones industrial average, up 148 points—almost 4 percent—in the past five trading days, rose 18.45, to 3,917.30, driven by gains in Bethlehem Steel, Alcoa, and International Paper.

Among broader market indexes, the Standard & Poor's 500 Index added 1.50, to 476.09, lifted by defense, semi-

conductor, paper, software and auto companies. The Nasdaq composite index advanced 3.24, to 766.45, helped by rising prices for Microsoft, MCI Communications, Intel, DSC Communications and Applied Materials.

Defense stocks surged as investors bet that industry consolidation is likely as contractors cope with shrinking military budgets. Lockheed was up 10 1/4 to 76 1/4, while Martin Marietta slid 1/2 to 48 1/4.

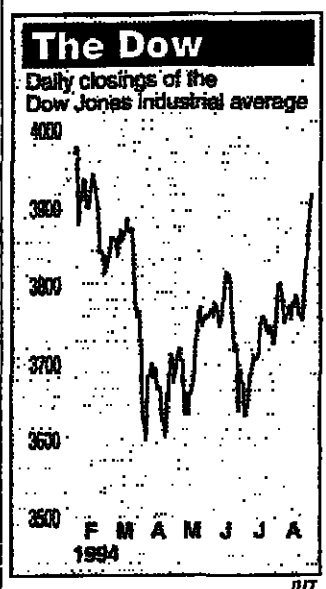
Recent acquisitions have buoyed share prices of both drug and food manufacturers, said Eugene Peroni, director of technical research at Janney Montgomery Scott in Philadelphia. Increased merger activity is a net positive for stocks, Mr. Peroni said.

The 30-year Treasury bond rose 11/32 to 100 14/32 in late trading. The yield on the benchmark issue dropped to 7.46 percent from 7.49 percent Monday.

Separately, Merrill Lynch reportedly raised earnings estimates on 13 paper and forest products companies. This led to advances at such companies as Boise Cascade, Georgia-Pacific, Westvaco and Weyerhaeuser.

Via Associated Press

Aug. 30



NYSE Most Actives

Vol.	High	Low	Last	Chg.
IBM	112.00	111.00	111.00	-1.00
Microsoft	75.00	74.00	74.00	-1.00
Intel	45.00	44.00	44.00	-1.00
Oracle	35.00	34.00	34.00	-1.00
Alcoa	25.00	24.00	24.00	-1.00
Bethlehem Steel	20.00	19.00	19.00	-1.00
International Paper	15.00	14.00	14.00	-1.00
Weyerhaeuser	10.00	9.00	9.00	-1.00
Boise Cascade	8.00	7.00	7.00	-1.00
Georgia-Pacific	6.00	5.00	5.00	-1.00
Westvaco	4.00	3.00	3.00	-1.00

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Georgia-Pacific	6.00	5.00	5.00	-1.00
Westvaco	4.00	3.00	3.00	-1.00

AMEX Most Actives

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Market Sales

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Nasdaq	567,890	75.00	74.00	74.00	-1.00
AMEX	123,456	45.00	44.00	44.00	-1.00

Dollar Slips As Traders Await German Rate Clue

Compiled by Our Staff From Dispatches
NEW YORK — The dollar slipped against the Deutsche mark on Tuesday as traders awaited a clue from the German government on whether it would raise interest rates to curb inflation.

Traders also marked time before the key U.S. employment figures for August and a policy-setting meeting of Germany's central bank.

The French move fueled speculation that Germany's central bank would not lower interest rates when it meets Thursday. Earlier this month, the Swedish and Italian central banks raised interest rates, mostly to shore up their beleaguered currencies. Those increases convinced many investors that European central banks were finished cutting rates.

"The increases definitely knocked the dollar down," said Richard Vullo, director of foreign exchange trading at the Bank of Montreal.

The dollar closed at 1.5765 DM, down slightly from 1.5773 DM on Monday, at 96.92 yen, down from 100.00 yen, and at 1.3295 Swiss francs, down from 1.3327 francs. The dollar edged up to 5.4050 French francs from 5.3985 francs. The pound ended at \$1.5340, up from \$1.5370.

Economic data released Tuesday failed to move the U.S. currency one way or another. The data — the August consumer confidence report and July new homes sales — canceled each other out, one economist said.

The Commerce Department said new-home sales rose in July, and the Conference Board said its consumer confidence index slipped in August.

Traders said the dollar would be relatively stable until Friday, when the jobs report is released. A modest rise in employment may support the dollar more than a large increase because it would ease inflation concerns, one analyst said.

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AMEX	123,456	45.00	44.00	44.00	-1.00

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	3917.30	3917.30	3917.30	-18.45
Transp.	100.00	100.00	100.00	-0.00
Com	124.74	124.74	124.74	-0.00

Standard & Poor's Indexes

High	Low	Close	Chg.
Industrials	59.45	59.45	-2.10
Technology	58.07	58.07	-2.35
Utilities	15.75	15.75	-0.05
SP 500	476.09	476.09	-1.50
SP 100	454.21	454.21	-1.00

NYSE Indexes

High	Low	Close	Chg.
Composite	766.45	766.45	-3.24
Industrials	225.94	225.94	-1.29
Technology	218.84	218.84	-0.01
Finance	211.85	211.85	-0.34

NASDAQ Indexes

High	Low	Close	Chg.
Composite	766.45	766.45	-3.24
Technology	770.54	770.54	-2.35
Finance	771.95	771.95	-1.04
Transp.	773.76	773.76	-1.95

AMEX Stock Index

High	Low	Close	Chg.
452.70	451.26	452.49	-1.23

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
30 Bonds	100.00	100.00	100.00	-0.00
10 Utilities	100.00	100.00	100.00	-0.00
10 Industrials	100.00	100.00	100.00	-0.00

NYSE Diary

Adv.	Decl.	Unch.	Total
1,000	500	100	1,600

AMEX Diary

Adv.	Decl.	Unch.	Total
100	50	10	160

NASDAQ Diary

Adv.	Decl.	Unch.	Total
1,000	500	100	1,600

Spot Commodities

Commodity	Today	Prev.
Aluminum	1.00	0.99
Copper	1.00	0.99
Gold	1.00	0.99

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
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AMEX	123,456	45.00	44.00	44.00	-1.00

Dow Jones Averages

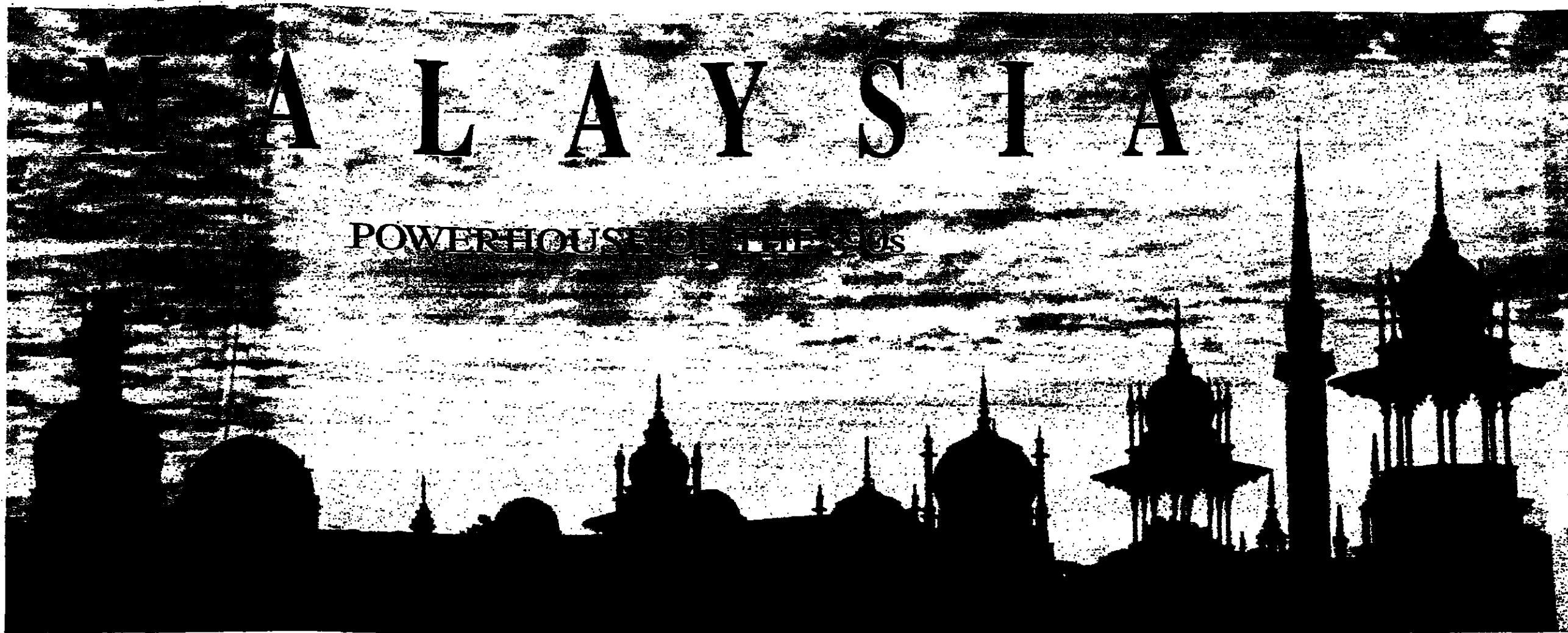
Open	High	Low	Last	Chg.
Indus	3917.30	3917.30	3917.30	-18.45
Transp.	100.00	100.00	100.00	-0.00
Com	124.74	124.74	124.74	-0.00

Standard & Poor's Indexes

High	Low	Close	Chg.
Industrials	59.45	59.45	-2.10
Technology	58.07	58.07	-2.35
Utilities	15.75	15.75	-0.05
SP 500	476.09	476.09	-1.50
SP 100	454.21	454.21	-1.00

SPONSORED SECTION

SPONSORED SECTION



NATION MOVES INTO THE LIMELIGHT AND AIMS FOR FULL DEVELOPMENT BY 2020

Today's companies have mission statements, and some modernizing countries like Malaysia have copied the practice. Four years ago, the country embraced Vision 2020, a catchy moniker for Prime Minister Mahathir bin Mohamad's development thinking. If the vision comes to pass — and an annual average economic growth rate of 7.5 percent is necessary for it to do so — Malaysia will be three times wealthier in the year 2020 than it is today. It will be a fully developed country, having grown from Tiger Cub to full-grown Tiger.

Not everyone is bewitched by Vision 2020. Some say that shooting for a growth rate of 7.5 percent is overly ambitious. They warn of a stop-go, boom-bust cycle of the sort that has plagued China's economy. They

worry about tear-away inflation and soaring public spending. Others have a different gripe: that the Vision 2020 recipe is heavy on economics but light on social and political development.

The appeal of Vision 2020 will soon be tested. Mr. Mahathir is obliged to call a general election before October 1995, but few think he will wait that long to seek a new mandate.

At peace

The governing National Front coalition, in power since independence, scored a two-thirds majority in Parliament at polls in 1990. "Things look even better for the government this time," says a Western diplomat.

Malaysia is at peace with itself. After race riots in 1969, the government adopted an affirmative action pro-

gram called the New Economic Policy (NEP) to induct Malays, who make up 60 percent of the population, into the business community. Warnings that the NEP would spark resentment among the Chinese, around 30 percent of the population, have proved false.

When the government awards contracts, Malay-owned companies have the inside track, and there are quotas that reserve jobs for Malays. When companies go public, they have to allocate at least 30 percent of their shares to Malays. Malay-owned companies have been the chief beneficiaries of the country's privatization program — arguably the world's fastest, most comprehensive and most successful.

Daim Zainuddin, a former finance minister and now a

senior government adviser, argues that fast-paced economic growth eased the pain of sacrifice. "The Chinese have not lost out," he says. "They have benefited from an expanding economy. There have been no complaints."

General election

In the coming general election campaign, the government will trumpet its ability to bring prosperity and maintain peace and racial harmony. The opposition will doubtless remind voters that past performance is no guide to the future. By any measure, the National Front's record is outstanding. Consider the following:

- Absolute poverty is almost gone from Malaysia. "Few countries can match us in wealth distribution," says Anwar Ibrahim, the deputy

prime minister and finance minister. "In which other country do we see the poor owning shares alongside the rich?" Malaysia has inducted 3.5 million ordinary folk into the shareholding classes through a government-run investment trust. Known as PNB, the trust manages around 20 billion ringgits (\$7.8 billion) in funds. Through investments in 177 companies, it controls around 6 percent of the Kuala Lumpur Stock Exchange.

- Joblessness is just about gone, put to flight by six years of economic growth averaging over 8 percent. The unemployment rate, 2.8 percent now, is expected to shrink to 2.5 percent next year. In fact, the problem is the shortage of labor.

- Inflation, at 4 percent this year, is high by

Malaysian standards but less than half the current rate of economic growth. Finance Ministry officials say the rate may have peaked. Some independent economists agree. Says Sulaiman Mahbob, executive director of the Malaysian Institute of Economic Research: "In the near term, the concern will be inflation, but in the medium term, policies to generate potential capacity should be in place." In other words, the government is expected to win the fight against inflation.

- Investment in the manufacturing sector, which fell in 1992 and 1993, has started to pick up again. Approved investments are up 141 percent in the first six months, evidence perhaps that Malaysia is managing to pull in the high-capital, high-technology projects

that it says it now deserves.

Malaysia looks set to welcome a second wave of Japanese investment — a tsunami set in motion by the fierce appreciation of the yen. Hiroshi Nakano, managing director of the Japan External Trade Organization's Kuala Lumpur office, thinks so. "Because of the yen's tremendous rise, Malaysia will see more stable and consistent investment from Japan," he says.

Sustainable growth

In the coming election campaign, there will be some sharp questions about the sustainability of the speedy growth engendered by Mr. Mahathir's policies. The most pertinent question is probably this: Can Malaysia continue to thrive in the face of competition from lower-cost producers like China.

Indonesia, Vietnam and India?

It can if it takes Singapore as its model and pushes out low-wage operations and moves into areas where capital and technology are more critical than labor costs.

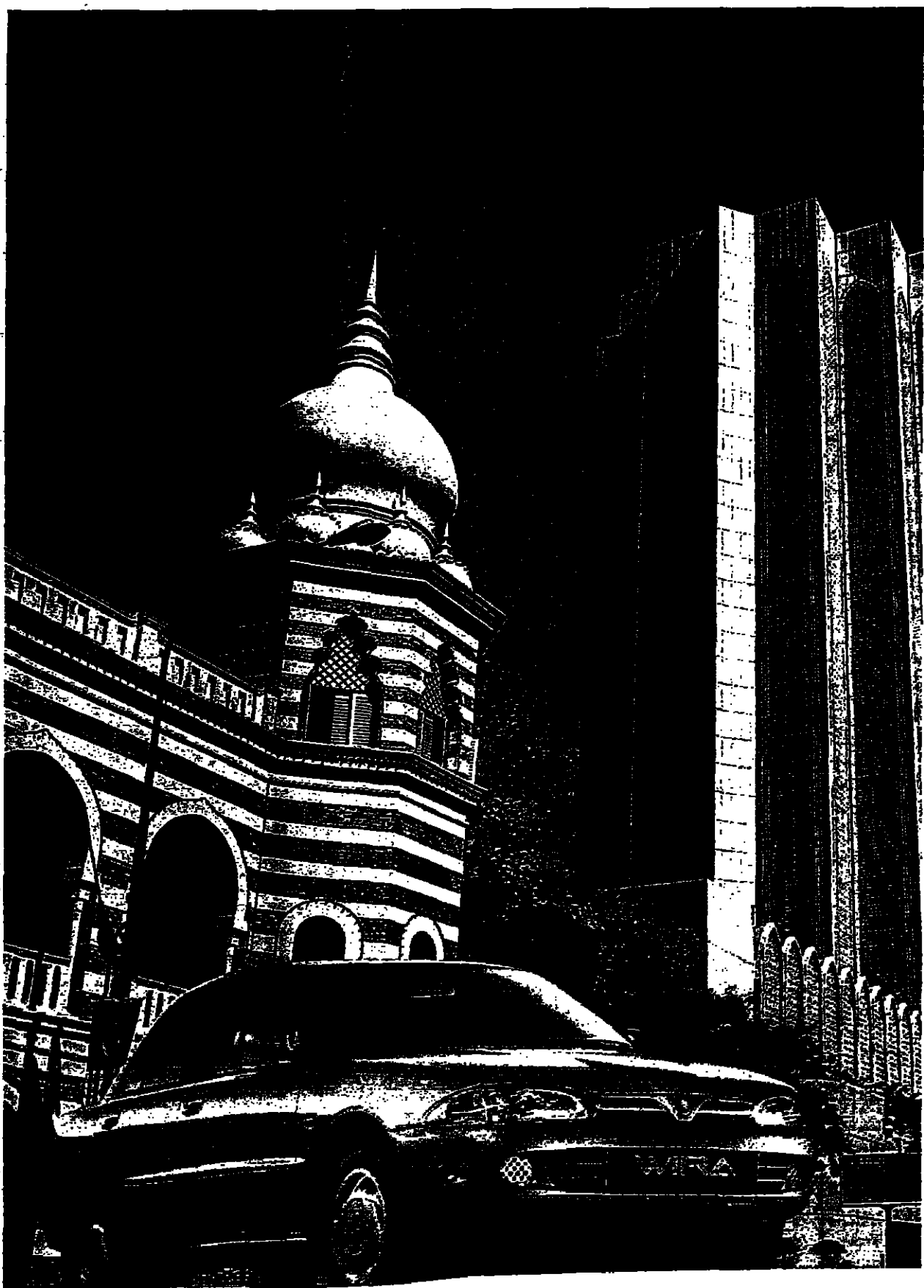
Productivity gains

But even Singapore stumbled in the mid-1980s when it allowed wage rates to shoot ahead of productivity gains. Mr. Mahathir knows what happens then: "The industrial process will stop. The economy will stop. And the workers who caused the wage increases will end up losing their jobs," he said last month. He says he will not let this happen.

In the coming general election, most voters are likely to give him the benefit of the doubt.

Sid Astbury

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M A L A Y S I A

VISIT MALAYSIA 94 BREAKS NEW GROUND

World-wide marketing and advertising blitz is expected to generate 7 million tourist arrivals and \$2.2 billion.

Malaysia is taking a cue from Hollywood in its efforts to develop its tourist industry — the firm conviction that sequels attract even more fans and bigger box-office receipts than the original version.

The original version in this case was Visit Malaysia Year 1990, a global promotion that boosted tourist arrivals by nearly 40 percent, proving that Malaysia could hold its own against tourism giants like Thailand, Hong Kong and Singapore.

The sequel is Visit Malaysia Year 1994 (VMY 94), which is expected to generate seven million arrivals (an 8 percent increase over last year) and \$2.2 billion in revenue — not bad for a country that did not even have a real tourist board until seven years ago.

The backbone of this

BEST LUXURY HOTEL

Built in 1901 as the official residence of the British governor of Malaya, Carcosa Seri Negara (Taman Tasik Perdana, 50480 Kuala Lumpur. Tel.: 3/282-1888; fax: 3/282-7888) is one of the most imposing colonial mansions in Southeast Asia. The sprawling building, set amid lush tropical gardens, was converted into a luxury hotel several years ago. The service is truly impeccable (a private butler for each of the 13 rooms), and with its resident Italian chef, you might think you are dining in Venice. Queen Elizabeth and Prince Philip stayed here during their royal visit to Malaysia. Need we say more? Joseph Yogerst

year's push is a \$44 million worldwide marketing and advertising blitz by the Malaysian Tourism Promotion Board (MTPB). The country's traditionally big markets, including Singapore, Hong Kong, Taiwan and the United States — which have shown continued growth over recent years

— are the principal targets. MTPB is also trying to boost the number of arrivals from Japan, India and Australia, three markets that have shown negative growth in recent years because of domestic recessions. "We are also exploring new markets, such as the Middle East and South

Africa," says Daruk Sabbaruddin Chik, the country's minister for culture, arts and tourism.

The first Visit Malaysia Year was designed to put Malaysia on the tourism map: knowledge of the country seemed to be scant in places like North America and Europe. "We literally had to tell people that we were north of Singapore, southwest of Vietnam," says Mr. Sabbaruddin.

Efforts to increase consumer awareness continue, but VMY 94 also aims to go a step further by promoting the many facets of the Malaysian tourism experience. The country is also being positioned as a value-for-money destination where tourists can expect quality at reasonable prices.

Adventure race

In addition to the advertising campaign, MTPB is hoping to attract more foreign travel writers and film crews by staging special events that are worthy of global publicity.

One event that is sure to meet both these objectives is the prestigious Raid Gauloises scheduled for Sarawak in October. Billed as the planet's ultimate adventure race, the Raid has previously taken place in New Zealand, Costa Rica, New Caledonia, Oman and Madagascar.

The race includes 50 teams of five people each (including at least one female) who must undertake a grueling 400-kilometer (248.5-mile) journey through dense jungle, down raging rivers and over high mountains, without using any mechanical devices.

Although the route was recently mapped out by organizer Gerard Fusil, it will be kept an absolute secret until two days before the event.

Because Malaysia is such a diverse country, Mr. Sabbaruddin explains, the gov-



Kite flying in Malaysia is fun for tourists, but can also be a serious sport.

ernment has decided to concentrate future promotion efforts on certain key areas rather than dilute funds and energy by promoting everything at once.

Six places have been singled out for the first phase, which is already under way: the federal capital at Kuala Lumpur, the old colonial town of Malacca, the resort island of Langkawi, the adventure playground of Mount Kinabalu in Sabah and the national parks at Taman Negara and Gunung Mulu.

Catering to all tastes

This should satisfy the demands of all types of tourists, including history buffs, adventurers and nature lovers, those who want a big-city shopping experience and those who just want to relax at a stunning beach location.

Other types of visitor activities that have been singled out for development include meetings and incentives, agriculture, sports and education.

Although relatively new, agro-tourism is already popular in countries like Australia, New Zealand and the

United States. Mr. Sabbaruddin feels that Malaysia has a lot to offer in this area. Visitors can observe or participate in the process of cultivating tropical fruits and vegetables, join coastal fishing expeditions or just hang out at fishing villages, soaking up the atmosphere.

Floodlit golf courses

The government has also identified close to 30 sports in which visitors can partake. High on the list is golf. Malaysia will have more than 200 courses up and running by the turn of the century, six of them illuminated by floodlights so the game can be played at night.

Traditional Malaysian sports like *wau* (kite flying) and *gasing* (top spinning) are expected to attract visitors for their novelty value.

These are not kids' sports — the kites can have a wingspan as wide as six feet, and competition tops can weigh between 12 and 14 pounds. The championships are taken seriously.

At first glance, education may not seem like a tourism activity. Mr. Sabbaruddin explains that "by encouraging people to study here, we

get something like a tourist for 365 days a year. The student may not spend like a tourist, but he still has to eat, needs transport, etc. The families of the student will also come here for visits."

Domestic market appeal

Domestic tourism is another area that is receiving special emphasis. MTPB estimates that close to \$2 billion was spent by Malaysians traveling abroad in 1990, and the government is seeking to stem this outflow of cash by offering attractive domestic alternatives.

Mr. Sabbaruddin says he wants a "reversal in the minds" of some Malaysians

who think that "foreign is better."

MTPB has established a domestic tourism division that offers 25 different package tours and local holiday experiences. The board is encouraging hoteliers, tour companies and public-transport operators to expand on this by tendering year-round packages and special offers.

To overcome complaints that many Malaysian hotels are too expensive for domestic tourists, the government has allocated \$70 million to develop lower-priced accommodations, including campsites, hostels, forest lodges and budget hotels. J.Y.

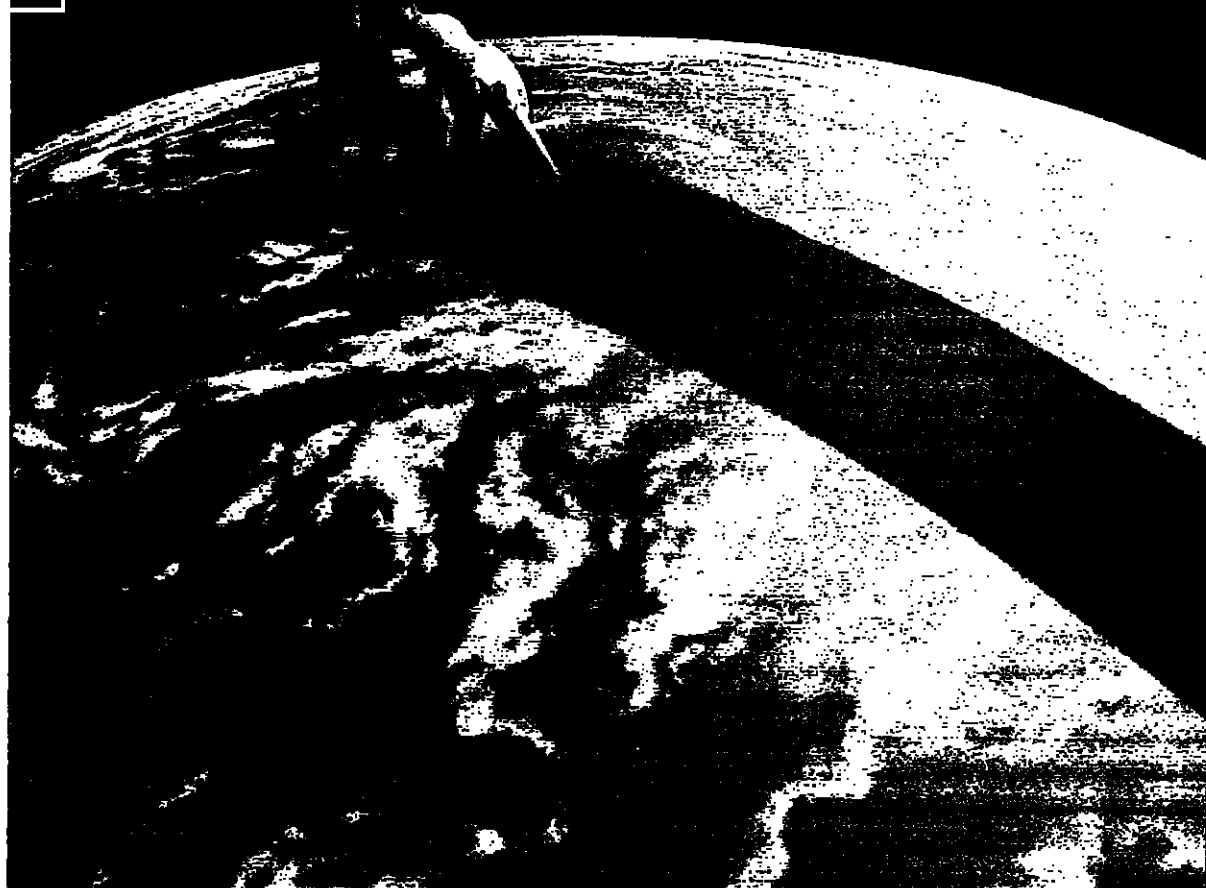
BEST MUSEUM

Sarawak Museum in Kuching may be the best museum in Southeast Asia, with its marvelous collection of Borneo art and artifacts. The museum was started in 1891 at the behest of Charles Brooke, the second White Rajah, but the collection has been added to over the years, and a new wing was opened in 1983. Displays range from a life-sized model of an Iban longhouse (complete with head-hunted skulls) to a huge Kenyan-tribal mural called "The Tree of Life" and a comprehensive exhibit on cats (Kuching means "cat" in Chinese). J.Y.



Window-shopping: even rainy weather can provide something colorful and attractive.

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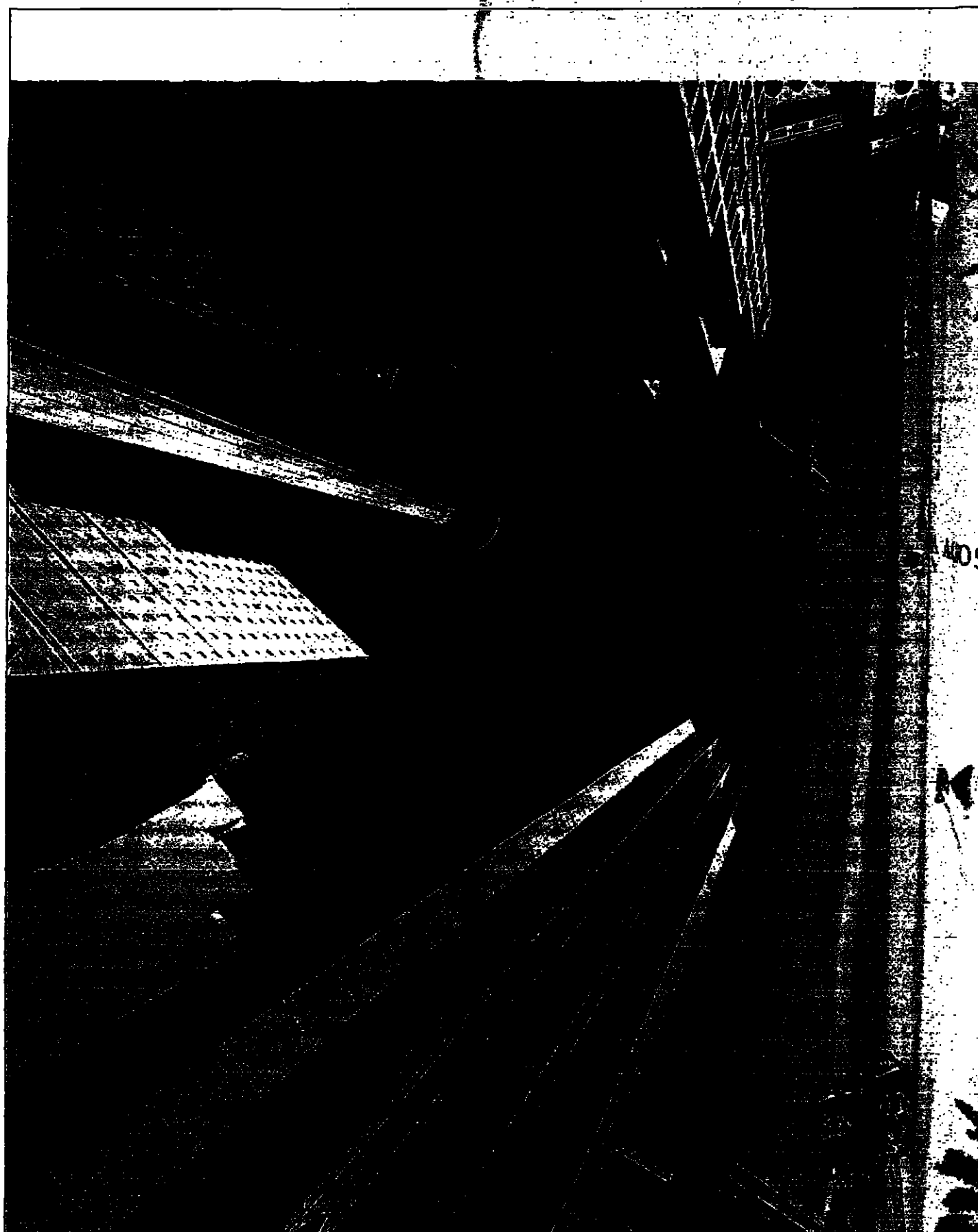
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M A L A Y S I A

REVERSE INVESTMENT SEEN AS KEY TO EXPORT STRATEGY

Malaysian companies are estimated to have invested about \$1.4 billion abroad in 1993, more than five times as much as in 1992.

Public Bank, Malaysia's third-largest commercial bank, has thriving operations in both Cambodia and Vietnam and is now spreading its wings further. After more than two decades of pleading with both locals and foreigners to invest in Malaysia, the government is now giving the nod to ventures abroad.

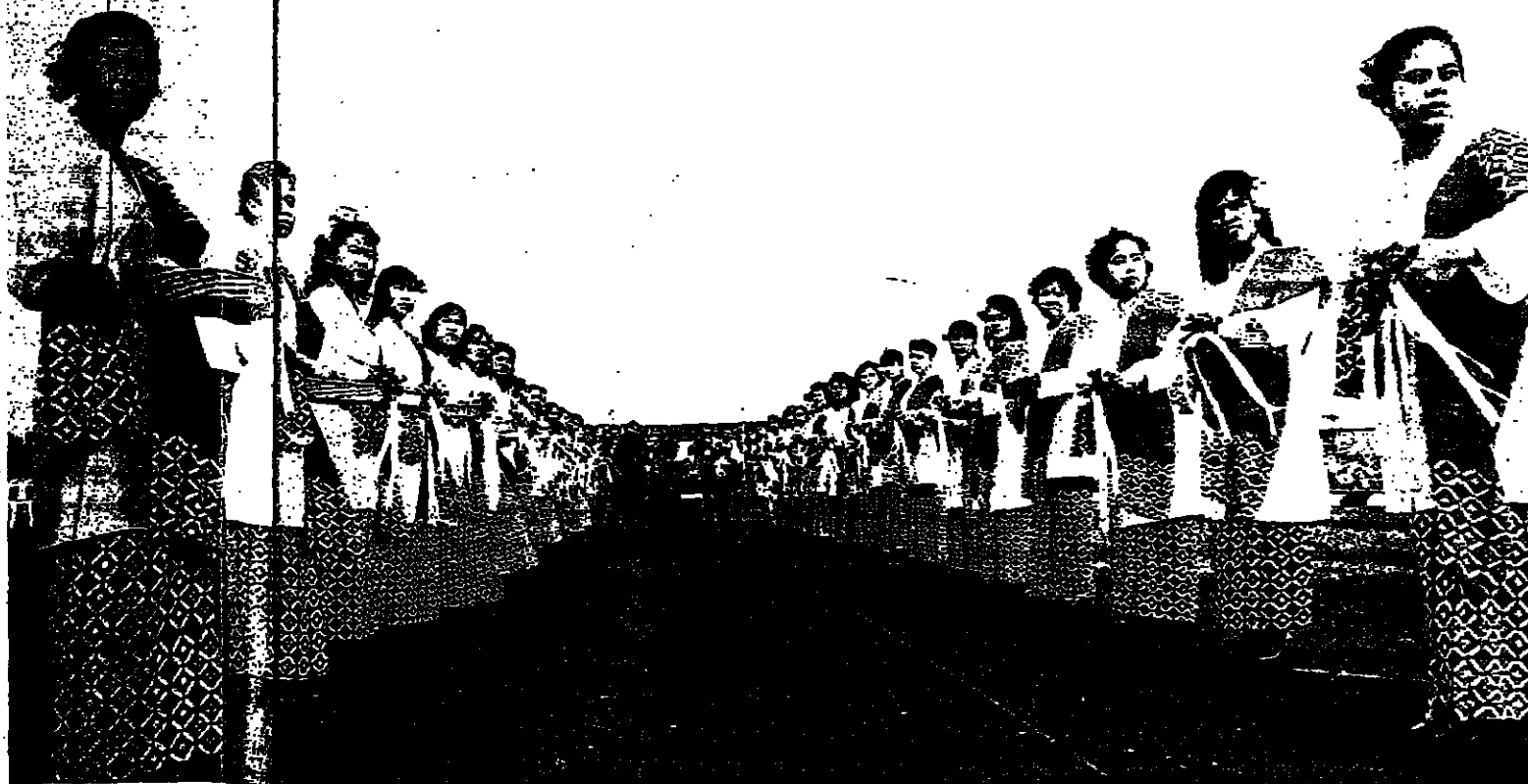
Rafidah Aziz, the minister of international trade and industry, says, "With increasing globalization of trade, it is necessary for Malaysian exporters and manufacturers to remain competitive. Rising costs of production, tight labor-market conditions, depleting resources locally and cost competition from developing countries may make it economically necessary for local companies to reassess their operational strategies."

The government's support for reverse investments is expressed in more than words. A whole raft of incentives is on offer to qualified applicants. Quasi-governmental support groups like the Malaysian South-South Corp and trade promoter Matrade are there to offer advice and funding.

Touring business parties The prime minister, Mahathir bin Mohamad, is a tireless globetrotter who takes a group of business executives with him on every foreign trip.

With so much push behind it, outward investment is booming. Gan Ah-Tee, a director of the Kuala Lumpur operation of management consultants KPM Pe Marwick, reckons that outflow last year was \$1.4 billion — more than five times the value in 1992.

Most other analysts figure much higher. Many overseas plays are made through shell companies incorporated in Hong Kong or other tax havens. A lot of the cash is going to



Inward and outward investments always the red-carpet treatment.

China. Some of the non-flooding abroad is being sent on properties and other safe investments — often hotels and office buildings in Australia — but much of it is going into new businesses like Public Bank's expansions in Indonesia.

Compete abroad Local companies are discovering that they can and should compete abroad. Malaysia is a small market, with just 19 million people, and ambitious firms are finding rich pickings abroad.

Says Francis Yeo, the managing director of offshoot construction powerhouse YTL Corp: "Either you wake up and help take your country to the next stage of progress, or you vegetate and die."

YTL is itself a model. It has built houses in Papua New Guinea and Naibia, and is bidding on an airport

construction project in Zimbabwe. Twenty years ago, it would never have believed that it would one day be the lead investor in a company operating a luxury train service between Singapore and Thailand.

YTL is the first private company in Malaysia to get a license to build and operate a power station. It hopes to partner German giant Siemens in power projects abroad, thereby making the most of its new venture at home. YTL thinks megawatts at home will lead to megabucks abroad.

Reverse investments are often crucial to maintaining export growth, argues Ismail Salleh, the deputy director-general of Kuala Lumpur's Institute of Strategic & International Studies. He adds: "While investing abroad, local companies are able to improve the linkages for export of their products to host

countries." For example, Sime Darby, the region's largest multinational, used to be famous just for plantation products but is now involved in multiple businesses. It has set up an oil-palm refinery in Egypt and plans to do the same in Tanzania, Tunisia, China and Vietnam.

Island entrepreneurship In Mauritius, a sleepy island nation of just over 1 million people in the middle of the Indian Ocean, about 150 Malaysians are manning a telecommunications assembly plant run by Sapura, working on a 2,000-unit housing project bagged by Country Heights or managing the 200-room five-star hotel built by Berjaya Leisure. Sapura, Country Heights and Berjaya are all Malaysian companies.

Not all of Malaysia's external investments are in the developing world. In Aus-

tralia, Sime Darby bought Hastings Deering for around \$400 million, which it considers a bargain. The company holds the franchise for Caterpillar heavy equipment in parts of Australia, Papua New Guinea and the Solomon Islands. It is doing well under its new Malaysian owners.

But snapping up a company like Hastings Deering is the exception; for the most part, Malaysian investments have been in emerging economies. Tajudin Ramli, chairman of TRI, whose activities range from shipping to cellular phones, gives one reason for this: "Our own technology we do not have, but the ability to capitalize on someone else's technology we have. Our strength is that we can take very advanced technology into a third country. That is something we can do well."

TRI is the parent of Cel-

com, operator of the biggest cellular network in Malaysia, and is eager to push overseas. In Cambodia, TRI is upgrading the telecommunications system. In Iran, it has a contract to install a cellular system in a free-trade zone — a contract that may be expanded to cover the whole country.

Send home profits If all this sounds too good to be true, it may be. Kuala Lumpur, having instigated the rush offshore, now wonders how it can persuade participants to send some of the bounty back home.

Says Rafidah Aziz: "We may have to study the incentives given by Japan, South Korea and Taiwan. They have managed to encourage their companies not only to invest in our country but also send home profits they have been making."

S.A.

BEST FOOD STALLS

You could stay on Gurney Drive in Penang for a week, eating a different dish at each meal, and still not sample all the culinary delights that are available in the waterfront food stalls. The food reflects the three major ethnic groups in Malaysia — Chinese, Indian and Malay. Among the taste treats are Penang's famous seafood laksa, a noodle dish called prawn mee, bird's-nest soup, rojak vegetable salad, roti canai pancakes, kapitan curry and pickled squid salad. J.Y.

EATING YOUR WAY ACROSS MALAYSIA

Cuisine that draws on the best of Asia.

A lot of people think that Malaysia has the best food in Asia, a claim that is hard to dispute once you have dipped into a bowl of laksa or a plate of nasi goreng. The best Malay food is found at roadside hawkers' stalls, especially those in Kuala Lumpur and Penang. But there is plenty of Chinese, Indian and Western food, too. In fact, you could easily eat your way across Malaysia as a way of learning what the country is all about.

Malaysian cuisine reflects the racial composition of the country: about 60 percent Malay, 30 percent Chinese and 10 percent Indian. But no matter which ethnic group is concerned, food is part and parcel of the culture.

Big business deals are negotiated over dinner. People bring gifts of pastries or other delicacies when they visit the homes of friends and relatives. The "full moon" (first month) birthday of a newborn child is marked by the distribution of food to well-wishers. And any Malaysian wedding or new year's celebration would certainly be incomplete without a lavish feast.

To say that Malaysians are obsessed by food may be an exaggeration — but not a big one. Maybe this is because their diverse cultural heritage offers so much choice. Malaysians have even developed a word to summarize the culinary delights of their country — *sedap* — which means "delicious."

Chicken and fish staples Malay food is rich and spicy, usually lashed with coconut milk. Chicken, prawns and fish are staples of the Malay diet, along with some beef and lamb — but never pork, which is taboo for all Muslims.

Some popular Malay dishes include beef *rendang*, a tender meat dish that hails from the west coast of Sumatra; *long tong*, a vegetable stew with rice cakes in a coconut broth; *nasi lemak*, a breakfast specialty, which includes coconut rice served with portions of peanuts, tiny *ikan bilis* fish, diced cucumber and hard-boiled egg; and that old favorite *satey* (barbecued meat served with a spicy peanut sauce). Another favorite is *laksa* — rice noodles in a thick orange soup with a lemony tang, which includes coconut, seafood and chilies.

Local Indian specialties are the ever-popular tandoori meat dishes; *rojak* — a mix of fruits and vegetables in a nutty prawn paste; and *nasi kandar*, which allows you to sample a number of different curries and side dishes set around a large helping of steamed rice.

For a breakfast with a difference, try *roti kaya*, a pancake-like bread with an egg and coconut spread. As many Indians are vegetarians, delicious, balanced meatless meals are widely available.

Emigrants from southern China make up most of the Chinese population of Malaysia, which explains the predominance of Cantonese food. Peking, Sichuan, Hokkien and Taiwanese cuisines are also popular and easy to find.

After several hundred years of assimilation, many of the Chinese dishes have a tropical edge; they tend to be more piquant than their equivalents in northern Asia. *Hokkien mee* is a particular favorite — thick noodles with a variety of meat chunks fried in a thick black sauce with a sprinkling of dried fish powder. *Char kway teow* consists of flat rice noodles fried with oodles of bean sprouts, prawns and egg.

Supply of appetizers Also prevalent are *dim sum*, a meal that consists of an endless supply of appetizers; *congee*, a rice gruel with bits of meat, fish or vegetables added for flavor; and a perennial favorite, Peking duck.

Don't be surprised to see vegetarian dishes featuring what seems to be pork, beef or chicken. The Chinese are well on their way to perfecting flour/soya and other bean-based replicas.

Herbal foods with special medicinal purposes have been around for generations and are currently enjoying a resurgence in popularity. Look for *gai fei* (black chicken soup), which promises to maintain youth and improve the complexion, and stewed shin beef, which is said to prevent premature graying.

Can't decide between Chinese and Malay food? Don't worry — you can have a bit of both in the same restaurant. *Nonya* food is a product of generations of intermarriage between Chinese and Malays. Some local epicures call it the best of both worlds. Specialties include *otak-otak* (spicy fish paste barbecued in banana leaves) and *ayam buah keluak* (chicken with stuffed nuts).

You will find more than "native" food in Malaysia as well. All the larger cities, but especially Kuala Lumpur, feature food from around the globe: Thai, Japanese, Korean, Indonesian, Portuguese, Mediterranean, Tex-Mex, French and even American hamburgers.

Tempting street fare Visitors can enjoy an excellent variety of food in hotels and upmarket restaurants, but part of any Malaysian experience is joining the locals in sampling street fare. Hawker stalls and outdoor food centers can be found throughout the country, especially in the huge *pasar malam* (night markets) that unfold each evening.

In Kuala Lumpur, check out the stalls in Chinatown: Jalan Alor and Chetty Street, as well as the food courts in the Perdana Complex, Central Market and The Mall.

J.Y.

BUSINESS BRIEFS

• Those who are looking for a home-away-from-home with Malaysian hospitality and Swiss-style service will find them at a new four-star hotel opened recently in the heart of Kuala Lumpur: the 318-room Swiss Garden Hotel.

The Swiss Garden was created with business executives in mind. Its Blue Chip Lounge is a favorite with the business crowd because it has a computerized financial information system that is linked to the Kuala Lumpur Stock Exchange. At a glance, you know how well — or how badly — your stocks are performing. The Swiss Garden is managed by the Swiss-Belhotel Management of Hong Kong, which operates hotels and resorts in China, Vietnam, Thailand, Indonesia and Malaysia.

• With 75 percent of its area under tree cover, Malaysia is one of the most densely forested countries in the world. Forest management began in 1901, with the appointment of the first forest ranger — evidence that Malaysia has long been aware of the need to safeguard its forest cover.

Today, fewer logs are being shipped from Malaysia as more timber is exported in the form of finished products like plywood, furniture, door frames and moldings. This means that fewer trees have to be cut down to earn the same amount of money.

To spur the growth of the timber processing industry, the Malaysian Timber Industry Development Council (MTIDC) was set up two years ago. In partnership with state governments, the MTIDC has started setting up training centers and industrial estates, especially for furniture manufacturers.

• Anyone doing business in Malaysia will soon bump into Berjaya, a Malaysian-based conglomerate with assets worth \$2.4 billion, a turnover of close to \$1 billion and a staff of over 13,000. Berjaya's activities range from financial services to manufacturing, hotels and resorts, real estate, consumer marketing, legalized gambling, fast food and infrastructure projects. The controlling shareholder in Berjaya is Vincent Tan, a 41-year-old who started his business career as an insurance salesman. Says Mr. Tan, "If international fund managers invest in Berjaya, they are investing in my entrepreneurship." He once said that he would sell any — or all — of his 180 companies if the price were right. Vincent Tan is the archetypal Southeast Asian entrepreneur — a consummate deal-maker. But why is Berjaya such an octopus? Explains Mr. Tan: "Malaysia is a small country with a very successful economy. I decided many years ago that Berjaya should be a diversified conglomerate."

• Malaysia is the world's largest producer and exporter of palm oil, and the Malaysian Palm Oil Promotion Council (MPOPC) is there to make sure that the country does not give up those twin titles. Acre for acre, oil palms can yield twice as much oil as soybean or rapeseed, the only real competitors in the vegetable oil stakes. More impressive still, palm oil does not need complicated and expensive processing. Just squeezing the fruit yields cooking oil or an ingredient for soap and margarine. Further processing produces vitamins A and E — or even an alternative to diesel fuel.

Malaysia, producer of 55 percent of the world's stock, has persuaded Russia to take palm oil in part payment for MiG-29 jet fighters, and it has prevailed on a German company to fit out sleek Mercedes-Benz cars to run on palm oil.

Malaysia is making the most of what one big grower calls "God's gift to the world." The MPOPC is helping to pass on that gift to other countries. S.A.

BEST NIGHT MARKET

Chow Kit Market in Kuala Lumpur is the Dr. Jekyll and Mr. Hyde of Malaysian markets. By day, Chow Kit is a mild-mannered food and dry-goods market, selling everything from bananas and curry powder to kitchen utensils and Malay wedding outfits. But after dark, it mutates into a throbbing sprawl of food stalls, sidewalk clothing stands, music shops and entertainment arcades. Many stalls are open until 2 A.M. — all night during Ramadan. Not many tourists visit Chow Kit, but that makes it all the more exotic. J.Y.

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Writers: Sid Asbury is the Malaysia correspondent of Asian Business magazine. Julia Clerk and Joseph Yegors are based in Singapore. SECTION EDITOR: Emily Emerson. PROGRAM DIRECTOR: William Mahler.

malaysia

SEAS CONTINENTS

Soon, we will reach over 100 destinations in 36 countries. Such is our role in nation-building, charting new horizons. And flying high the spirit that is Malaysia.

Malaysia Airlines office

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MALAYSIA

SILVER LINING SEEN FOR AIRLINE

Malaysia Airlines passenger traffic rose last year on international routes by 14.7 percent.

Asia's once high-flying airlines have been losing altitude, with earnings and profits down, but most believe that they have now parried the worst blows, and all are fighting to get back on top.

Compressing costs is becoming a passion at Malaysia Airlines, Southeast Asia's biggest airline in terms of passengers carried.

Its chairman, Zain Azraai, is acutely aware of what needs to be done. "We are not entirely satisfied with our productivity," he says.

Early efforts at boosting productivity have been rewarded. More rigorous housekeeping is beginning to show up in the corporate results. Though pretax profit slumped by 90 percent in the year to March, revenues rose

by a healthy 9.1 percent.

Top Malaysia Airlines executives are confident that the airline is on the mend. "We have been through the worst this past year," says Mr. Azraai. He points to evidence that a recovery is under way which is expected to accelerate as more Western economies lurch out of recession.

Efficiency improved

Malaysia Airlines has improved its overall load factor, the measurement of how efficiently an airline uses its fleet. The figure has bobbed up to 63.9 percent, down from a high of 77 percent in the mid-1980s but 1 percent higher than last year.

The airline has also improved its pulling power. Passenger traffic was up last year, by 14.7 percent on international routes and by 6.8 percent on domestic routes. Translating extra air miles

into extra revenue is not easy. International routes account for 80 percent of revenue, and most of them are profitable. But Malaysia Airlines shows a loss on its domestic service because the government, rather than the market, sets tariffs.

Malaysia Airlines has summoned up the courage to trim its staff and promises more retrenchments. The roll call now stands at 19,907 employees, 276 less than last year.

Newer planes will help the airline cut costs, say analysts.

The airline will give up routes, especially new ones like the services to Johannesburg and Mexico City, only as a last resort. "It takes years to build up volume on new routes," says Kamarudin Ahmad, managing director.

Last October, Malaysia Airlines became the first



A famous design pulls in the passengers.

carrier in the region to fly to South Africa, with a weekly service to Johannesburg. Seats on the B747-200 are

booked up weeks in advance. Bold moves sometimes pay off.

S.A.

BEST TAMU

Tamu is a traditional market in Sabah, the state that straddles the northern tip of Borneo. The name translates into "meeting place" and that is exactly what tamus are. There are scores to choose from, but the best is the Sunday market at Kota Belud, where thousands of tribal people come from the hinterlands to sell all sorts of goods: beadwork, metal ornaments, baskets, native hats and tropical fruits. Kadazans predominate, but you can also expect to see betel-chewing Bajau "cowboys" and members of other tribes.

J.Y.

BANKING REGAINING INVESTOR TRUST

Investors invested \$4 billion in stock market in 1994.

After a tumultuous year in which the central bank was derailed by a foreign-exchange scandal and the stock market took a major plunge, Malaysia's banking and finance industry seems to be back on track, ready to make its position as one of the country's brightest performers.

Negara, the central bank, is on the road to recovery. New governor, Ahmad Ibrahim, has made it clear that whatever is necessary to ensure the confidence of the public and the international banking community is a priority.

Industry experts believe that Ahmad's top priority will be returning bank deposits to their fundamental nature — managing the country's economic growth and ensuring monetary stability.

Negara's problems from recent attempts to raise extra money for the treasury by placing international foreign-currency bonds on the market. Experts at the height of these problems, the central bank committed almost \$2 billion — practically the entire reserves — to intervene in currency deals.

ban on the sale of short- and long-term money instruments for foreigners and the imposition of negative interest rates on ringgit accounts held by foreigners at Malaysian commercial banks.

Mr. Ahmad has said that three recent increases in the Bank Negara's statutory reserve requirements should also send a "strong signal" to the financial market on how serious the central bank is about controlling inflation.

Stock market success
Malaysia's stock market is highly active. Fueled by the government's aggressive privatization drive, there were 44 initial public offerings last year, which made the Kuala Lumpur Stock Exchange (KLSE) one of the world's top 10 performers.

The KLSE achieved a number of records in 1993, including daily trading of 500 million shares, market capitalization of \$150 billion, daily trading activity of 1.039 billion units (April 22) and a daily value of \$1.6 billion (December 22) — higher than the KLSE's entire turnover for 1986.

The KLSE's performance has been rather lackluster this year, however with



Picture of forest ranger taken in 1903

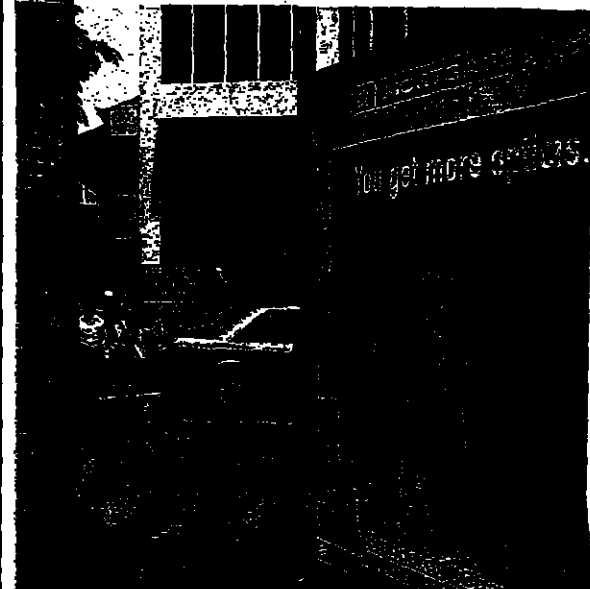
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LAND AREA UNDER FOREST AND WOODLAND	
COUNTRIES	% OF FORESTS AND WOODLAND TO TOTAL LAND AREA
MALAYSIA	75%
Australia	14%
Bel-Lux	21%
Canada	39%
France	27%
Germany (West & East)	30%
Netherlands	9%
Switzerland	28%
United Kingdom	10%
United States	31%

Source: FAO Production Yearbook, 1993
* Latest estimate



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Advertising helps to attract public saving.

Bank Negara losses in foreign-exchange dealings totaled \$72 billion in 1992 and \$28 billion last year. In the wake of the embarrassment of the \$6 billion loss, Deputy Prime Minister and Finance Minister Anwar Ibrahim points out, the central bank is still a strong institution, with assets at the end of 1993 exceeding \$40 billion. He is also bullish on the overall health of the banking sector.

Surging economic growth
One reason the banking sector is so healthy is Malaysia's surging economic growth — averaging more than 7 percent per year over the past seven years. The boom led to an estimated 100 percent increase in the wealth of middle- and upper-income Malaysians, much of the money ending up in banks. The economic boom has also stemmed from arbitrary increases and subsidies. The consumer price index showed a 4.5 percent hike in the first quarter of this year, and economists predict that inflation could hit 4.2 percent in 1994.

In a result of Bank Negara's success in lowering interest rates, which has had the effect of mopping up excess liquidity and strengthening the inflow of foreign funds. Among other things, foreign funds were a

many dealers showing decided caution. Most analysts view this as a temporary phenomenon, pointing to a number of factors that should keep the bourse buoyant for years. These include Malaysia's vast natural resources, stable government and economic growth.

Given the strength of the underlying economy, the earnings of Malaysia's top companies are also on an upward trend. Forecasts gleaned from 17 brokerage houses and published in the Malaysian financial survey put the growth of listed companies at 5.7 percent this year and 1.8 percent next year, with price-earnings ratios of 24.1 times for 1994.

Insurance rises

Thanks to these strong fundamentals, analysts say that the bourse is undergoing a period of consolidation at current levels and will soon begin another upward curve. There are signs that foreign investors are regaining interest in the LSE — foreign equity funds poured more than \$4 billion into the Malaysian stock market last year.

Bank Negara is continuing its efforts to improve the credibility of the insurance industry, which has been supervising since 1988. Malaysian insurers must now obtain approval from the central bank before entering into negotiations to divest paid-up capital or change company ownership.

Julie Clerk

BEST TRAIN RIDE

A fledgling offspring of the famed Orient Express in Europe, the Eastern & Oriental Express is the first luxury train in Southeast Asia. It offers a splendid way to see the Malaysian countryside. The train makes a weekly round trip between Singapore and Bangkok, with whistle stops at several Malaysian cities, including Kuala Lumpur and Ipoh. Cabins are draped in Oriental silk and other fabrics, and are fitted out with private bathrooms (with shower), wireless and air-conditioning. The dining car menu is an excellent blend of Asian and European cuisine, with special treats like champagne, smoked salmon, and caviar.

J.Y.

M A L A Y S I A

TELECOM EXPANSION: PRIVATE COMPANIES SET THE PACE

The use of satellites will provide Malaysian viewers with many extra channels to zap through.

How things change. Telecommunications in Malaysia used to be as simple to understand as a pay phone: one government-owned company holding a monopoly on telecom services and supervised by a government ministry.

No satellites. No fiber optics. No cable TV. No maneuverings toward multimedia alliances. Then came the great privatization push in 1990.

Now the country has three

cellular networks (and will soon have four). Two companies, one of them the privatized former monopoly, have licenses to provide a full range of telecom services. For outfits, have plans to lay the fiber-optic cables needed to build what in technoblog are called information superhighways.

Two firms have approvals to offer the ultimate in cyberspace advances — personal communications networks, or PCNs. Too much

of a good thing? Perhaps. Seri Samy Vellu, minister of energy, telecommunications and posts, hinted in July that Malaysia had more than enough telecom service providers. "Applications for services and networks that are currently available will not be issued licenses," he declared.

Not that Malaysia has taken privatization too far. The World Bank, in its latest World Development Report, praises Malaysia for not waiting to get all the rules and regulations in place before privatizing.

Companies have shown that they will invest even when the regulatory framework is still evolving, as long as they have licenses to get on with the job. As the World Bank puts it: "Statutory regulatory efforts have lagged, and discipline on operations is imposed through contractual agreements."

The scramble for licenses is just about over. The difficult part is making sure that

players cooperate as well as compete. "They should work together and not waste the country's resources to set up their own infrastructure," says Mr. Samy.

Protective shield
When Singapore privatized its telecom authority late last year, it shielded the island nation's biggest company from outright competition. "Singapore Telecom is a virtual monopoly, although its licenses are renewable every 15 years," says Long Shih Rome, an analyst with Kuala Lumpur-based Mohaiyani Securities.

When Telekom Malaysia went to the market, it did so without so stout a shield and had to do immediate battle with pretenders to the crown. In Malaysia, a public monopoly has not been transferred to the private sector. Through the privatization of Telekom, the telecom sector was thrown open to all comers.

Malaysia will be launch-

ing its first telecommunications satellite toward the end of next year. Binariang, a private company controlled by Malaysian financier Ananda Krishnan, will be picking up the tab. So it will be Binariang, rather than Telekom, that will give Malaysia the satellite-TV capability that Thailand and Indonesia already enjoy.

With the exception of Singapore, Malaysia is currently the only country in the region that outlaws satellite dishes, preventing its people from watching satellite TV. Binariang will only beam programming approved by the government. Nevertheless, it will provide Malaysia's viewers with lots of extra channels to zap through; now they have a choice of only three, two of them government-owned.

Binariang's satellite will come with powerful Ku-band transponders, not the C-band versions used by most satellite operators in the region. Malaysians will

only be allowed to use Ku-band dishes, which cannot receive C-band transmissions.

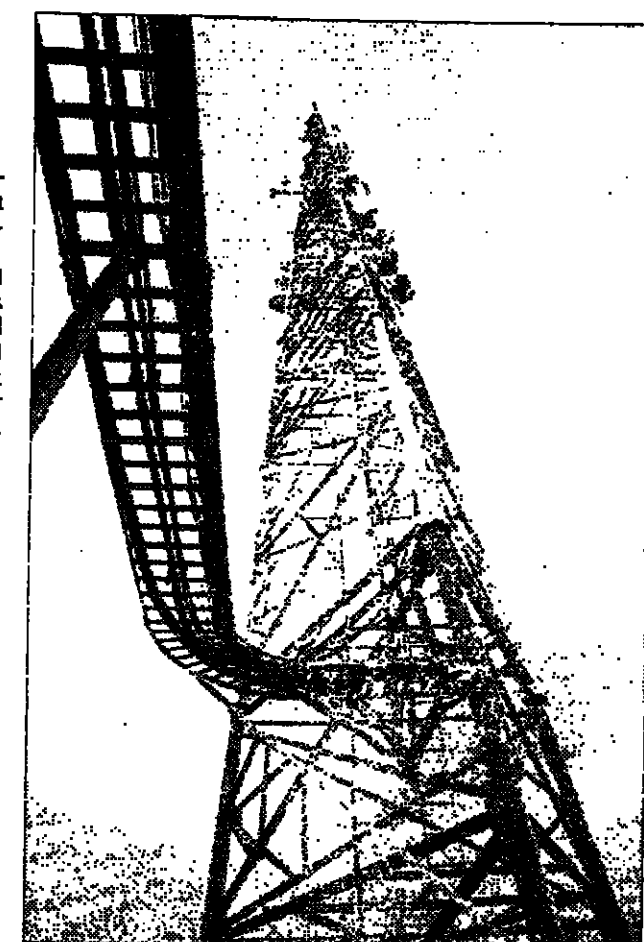
When Binariang bounced onto the scene earlier this year, analysts were surprised that its licenses matched those of Telekom. In direct competition with the former monopoly, it will offer both wired and cellular services. It will be the first in Malaysia with a fully digital cellular network following the Global System for Mobile (GSM) communications format.

Extensive ambition
Binariang, which is aiming for a listing in the next five years, will take on three companies in the cellular network market: Telekom, which was first with a mobile phone capability; Celcom, since 1989 the market leader; and Mobikom, a consortium that earlier this year began offering a combined analogue-digital service following the popular Advanced Mobile Phone System (AMPS) format.

Binariang and Mobikom will be hard-pressed to dislodge Celcom, which has 350,000 subscribers. It is largely thanks to Celcom, a company controlled by former merchant banker Danuk Tajudin Ramli, that mobile phone penetration in Malaysia matches that in France and is more than twice the level of neighboring Thailand.

A Binariang statement shows the extent of its ambition: "Malaysia will be among a select group of fully industrialized countries offering its public a fully integrated alternative to the traditional government-controlled services."

Binariang intends to become Malaysia's second network. Binariang has a license to lay fiber-optic cables, but so have Telekom, Celcom and a fourth player



Rising above Kuala Lumpur, a broadcast tower contributes to the growth in cellular telecommunication.

BEST GOLF COURSE

There is a multitude of courses to choose from in Malaysia, given the fact that the country has gone crazy in the last few years. The most beautiful course also the oldest, the 18-hole Cameron Highlands Golf Course at Tanah Rata in Pahang State. The course opened in 1935, when this mountain resort was a haven for British rubber barons fleeing the heat and humidity of their plantations. The Japanese Imperial Army dug up the greens and used them as vegetable gardens during World War II.

THE MALAYSIA SUMMIT

Government and business leaders to work together (Malaysia Inc. at summit).

John Wolf, the U.S. ambassador to Kuala Lumpur, likens the Malaysian leadership to a corporate jet — fast and flexible. The analogy is a good one: in Malaysia, senior civil servants and top business leaders have a similar business-like style. They often travel together, and on Prime Minister Mahathir bin Mohamed's frequent trips abroad, business executives often outnumber the civil servants.

It is all part of Malaysia Inc.: the notion that government and business should work together for the common good, not pull in opposite directions. To make sure civil servants and businesspeople

are the same vision, government departments hold regular meetings with the private sector. For example, preparation for the annual budget, bankers and business executives meet with experts from the Finance Ministry.

Their wish-list is conveyed to the finance minister, and their recommendations are sometimes incorporated into the final budget. The 1994 Malaysia Summit Meeting, to be held Nov. 22 at the Shangri-La hotel in Kuala Lumpur, is another reflection of Malaysia Inc. will bring together, under the auspices of the Inter-

national Herald Tribune and the Institute of Strategic and International Studies, a triumvirate of government leaders, corporate chieftains and prominent academics. The issues on the agenda: investment, trade, the state of the Malaysian economy and how the country plans to sustain its fast growth.

Petronas, Standard Chartered Bank, TRI and VTL are the Summit Sponsors. The Corporate Sponsors are ABB, Berjaya, DRB, the Malaysian Timber Industry Development Council, the Malaysian Palm Oil Promotion Council and Occidental Petroleum. Proton is the official car for the Summit.



For the telephone user, privatization means more choice.

in this exciting technology — Time Telekom.

Time is a unit of the massive Renong conglomerate controlled by 40-year-old Halim Saad. Though Telekom and Celcom may seal an alliance to share the cost of laying fiber optics, the frontrunner in this field is Time. Mr. Samy says so himself: "All telecommuni-

cations operators and service providers should use the fiber-optic network developed and operated by Time Telekom."

Time Telekom is at the top because its network — fiber-optic cables, satellite earth stations and microwave relay stations — should be up and running by the end of next year. S.A.

BEST PUB

When you see Ye Olde Smoke House in Tanah Rata, Cameron Highlands, the first thing you notice is that there is nothing remotely Asian about its setting — it is an unabashed slice of the English countryside. The Smoke House has all the usual British pub trappings: it is a black-and-white mock-Tudor dream that houses English antique furnishings, copies of Country Life magazine and a roaring fireplace. Take your pick of Guinness draft or high tea with scones and Devonshire cream. J.Y.

Some of the world's greatest explorers have already discovered Malaysia

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M A L A Y S I A

PRIVATIZATION LEADS TO NEW BENEFITS

Infrastructure projects can mean profits for the developers and increased business for everyone.

Infrastructure, in the form of energy, water, transport and communications, "represents, if not the engine, then the wheels, of economic activity," according to a World Bank report. In Malaysia, where infrastructure projects are usually handed to private companies rather than carried out by the government, the provision of energy, water, transport and communications is both a business in itself and a means of promoting business activity.

Six years ago, for example, the government awarded the Renong Group a 30-year concession to finance, build, operate and maintain a 900-kilometer highway running the length of peninsular Malaysia. It is said to be the largest single road-building project in the world. The North-South Expressway, running from the Thai border through Malaysia to Singapore, will be completed some time this year. Renong is hoping to be finished 14 months ahead of schedule and within its budget of 6 billion ringgit (\$2.4 billion).

Traffic on completed sections of the highway is one-third higher than initial projections. By 1998, Renong hopes to be earning more than 1 billion ringgit a year in tolls and other revenues. This is so good a business that Renong reckons many investors, large and small, would jump at the chance to

have a stake in it, and Renong plans to take its vehicle for implementing the project, known as PLUS, to market.

"PLUS will have a five-year profit record by the end of 1994, and it is our intention to seek a listing after that," says Amirullah Mayudin, the managing director of PLUS.

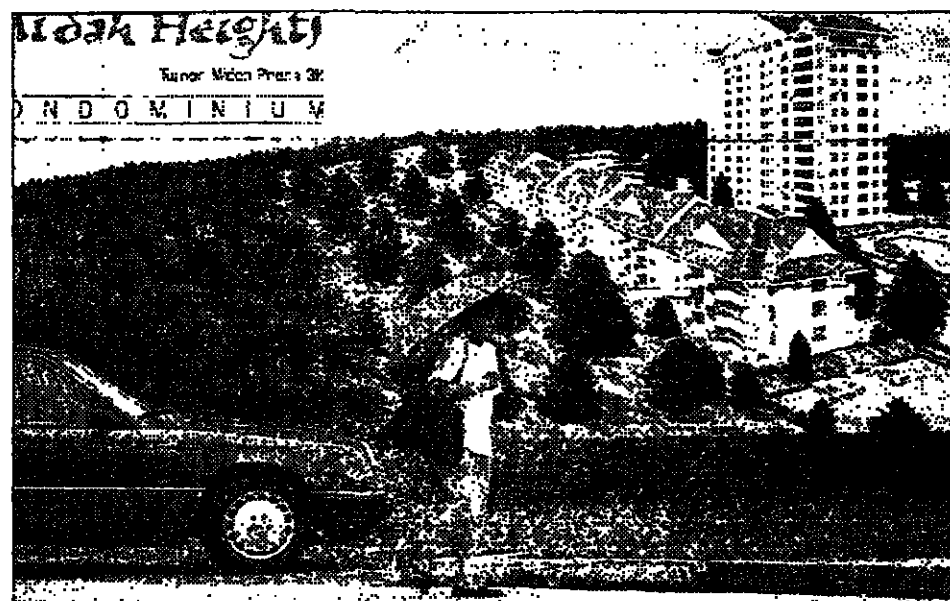
On the whole, the new six-

"We used to fly our stuff between Penang and Kuala Lumpur, but the new highway means we can use trucks," says Bryan Jamison, the general manager of the Malaysian operation of DHL Worldwide Express. Using trucks makes consignments cheaper, to everyone's benefit.

It is the same story with the proposed second road

project would not be bankable, so the company decided to make the bridge just part of a much larger development. A huge new township is planned, together with new roads leading to the bridge.

Last March, Indah Konsortium began taking over the state's 4,000 kilometers of sewers and 1,900 treatment plants. Indah is a joint



A sign of booming times: a roadside billboard featuring new condominiums.

lane highway has been a boon for business, except for the shopkeepers of Taiping, a small peninsular town and once a handy stop for motorists. Motorists now whiz by the city.

link with Singapore, a privatized infrastructure project that is spinning off new businesses.

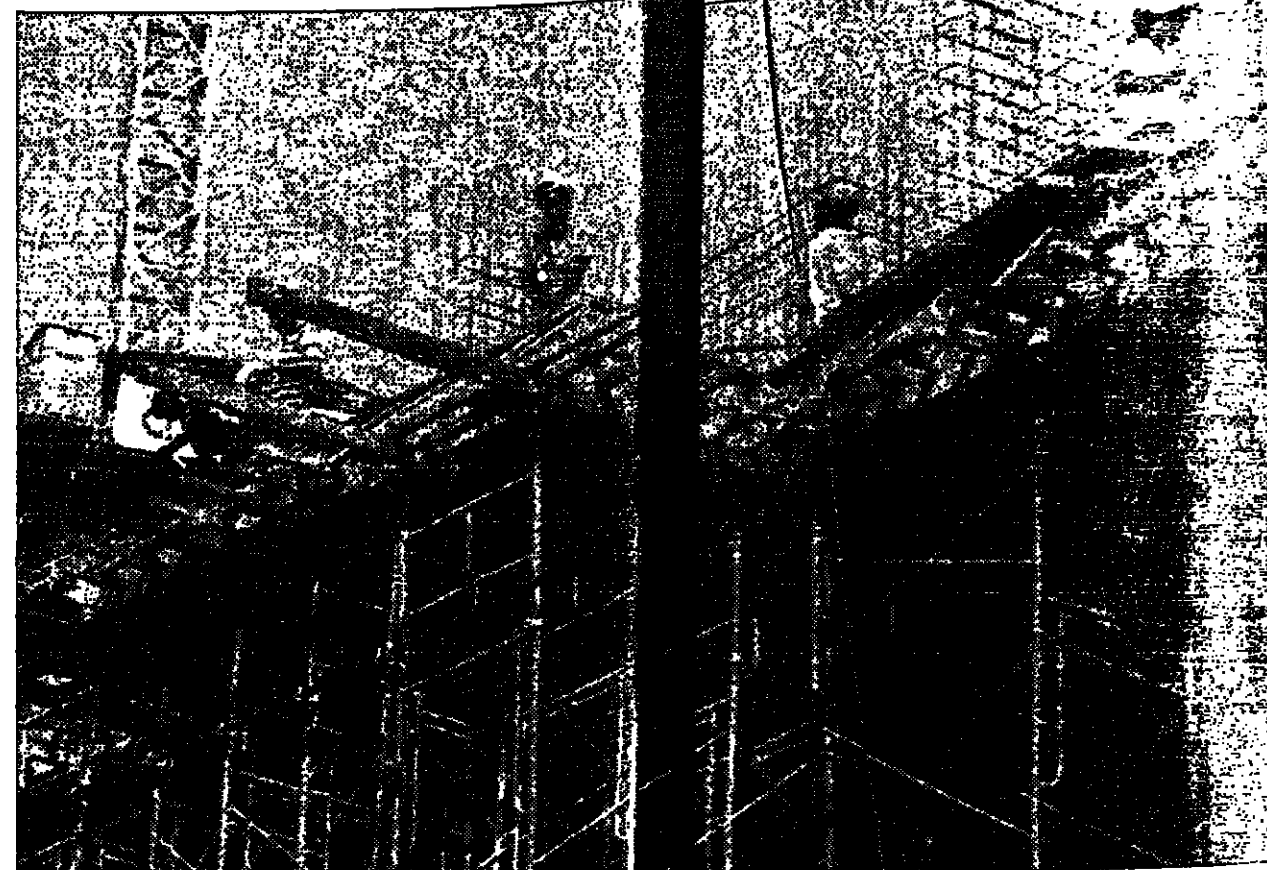
To cost around 1.6 billion ringgit, the bridge will complement the existing causeway. The franchise for building the 2.5-kilometer bridge has gone to a unit of the Renong Group, UEM.

If the government were undertaking the project, the Treasury would simply provide the capital. With the private sector, money has to be borrowed, and borrowing costs affect the feasibility of a project, especially as the government has set a low toll charge for the bridge.

UEM was worried that the

venture between executives of the Berjaya Group and Britain's North West Water. Its franchise for operating and maintaining the network lasts for 28 years, after which the government has to decide whether to continue with Indah or open the business to others.

Soft loan for repairs
Indah estimates that it will need to spend \$2.2 billion to bring the rickety network up to scratch. As something of a consolation prize, Indah was given a soft loan of \$180 million. The government reckons that \$3.6 billion needs to be spent to modernize the system and



Reinforced concrete - in the form of bridges, tall buildings and overpasses - is transforming the skylines of Malaysia's cities.

expand it to cover the whole country.

Less than half of urban households in Malaysia are now connected to a central sewerage system. Indah intends to raise that to 100 percent. The government estimates that 16 percent of rural households discharge sewage directly into streams or rivers. Indah will seek to persuade all householders to dispose of their sewage safely.

"We are convinced we can make a reasonable return over the concession period," says David Chew, Indah's managing director.

As with all of Malaysia's other privatizations, staff affected received the option to transfer to the new franchise holder. No one was dismissed or had to take a pay cut, in accordance with government rules.

There was no stampede to take over the sewerage operation, but there was one when the government started handing out licenses to become an independent

Power Producer, or IPP. Within a matter of months, five Malaysian companies were picked to build power stations.

Malaysia reckons it will need a capacity of 25,000 megawatts by the year 2020, up from 6,155 megawatts now. The bulk of that will come from IPPs. "Malaysia will have more generating capacity from IPPs than any other country in the world," says Robert McWhinney, director of regulated industries at Arthur Andersen & Co., which advised Kuala Lumpur on its IPP program.

Comrades, not rivals

The IPPs will sell their power to Tenaga Nasional, formerly a government department and now a privatized electricity company. Tenaga may be asked to allow the private sector to get involved in transmission and distribution as well as generation.

Tenaga views the IPPs as comrades rather than rivals.

Sri Ani Arope, the vice chairman of Tenaga.

"We would like to see a win-win situation where every party involved gets comfortable returns on the power generation investment."

Malaysia hopes to become the biggest power generating region. It has a good supply of natural gas for fuel. "We will have five experienced power producers on IPP projects are up and

running. Finding finance for private power generation does not seem to be a problem.

"The Malaysian financing community has the appetite," says Astaman Abdul Aziz, managing director of Sikap, part of mini-conglomerate Malaysian Resources Corp. Berhad, which was the second company to receive an IPP license (YTL Corp. was the first). S.A.

BEST ROYAL PALACE

The monarchy is alive and well in Malaysia, with a king who rotates between the sultans of the various states. Each has a sumptuous palace, but the best is the Istana Besar in Johor Bahru. Built by Sultan Abu Bakar in 1866, the palace is a flamboyant blend of European and Malaysian styles, an Oriental version of California's opulent Hearst Castle, with a bizarre range of furnishings that includes tiger heads, golden thrones and a table and chair set made of Baccarat crystal. J.Y.

BEST RESORT ISLAND

Tioman Island in Pahang state is where much of the movie "South Pacific" was filmed in the 1950s. Tioman is a pristine tropical paradise island, smothered in virgin jungle and fringed with white sand beaches and coconut palms. Diving and snorkeling are especially good. The three-hour hike across the middle of the island to Juara Beach is recommended. Accommodations range from the modern Berjaya Tioman Beach Resort, with its own golf course and tennis courts, to modest beach bungalows. Get there by high-speed ferry from Mersing or direct flights or ferry from Singapore. J.Y.

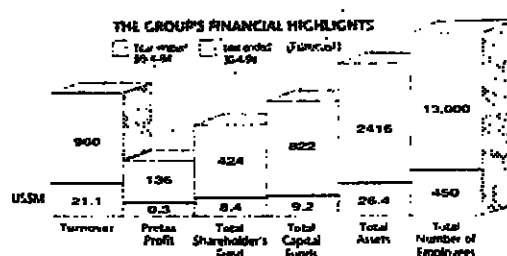
STRENGTH IN DIVERSITY

Berjaya is a Malaysian-based conglomerate with assets totalling over US\$2.4 billion, turnover of US\$960 million, and a staff strength of 13,000.

Both in Malaysia and in countries beyond its native shores, Berjaya has demonstrated a unique formula for business success.

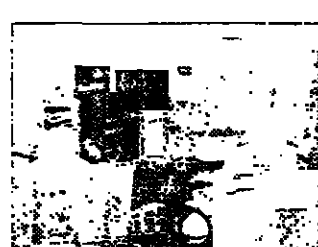
Now we seek further opportunities for successful joint-venture partnerships, both in our core businesses as well as in new, hitherto unexplored business arenas.

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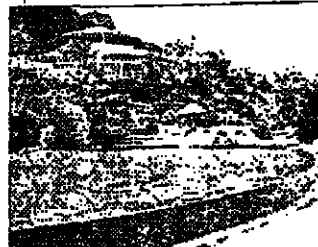


GAMING

- Sports Toto: lottery operations in Malaysia.
- Berjaya Lottery Management (HK): Lottery management services in China, Philippines & other countries.

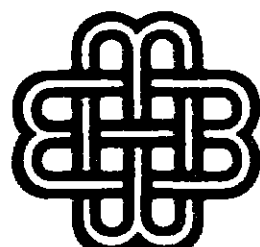
LEISURE

- Over 20 hotels, resorts, golf and recreation clubs in Malaysia and other regions.
- Provides travel & tour services, air and sea transportation and leisure cruises.
- Vacation time-sharing packages.
- Mirage Universal De Missiones S.A.: First privately-owned casino to operate in Puerto De Iguazu, Argentina.
- Construction and operation of Kishinta Theme Park, Madras, India.
- Berjaya Mount Royal Beach Hotel, Sri Lanka.
- Berjaya Le Meridien Beach Resort & Casino, Mauritius.
- Berjaya Hotel, Fiji.
- 3 hotels in Seychelles:
 - Berjaya Mahe Beach Resort & Casino
 - Berjaya Beau Vallon Bay Beach Resort & Casino
 - Berjaya Praslin Beach Resort.



CONSUMER MARKETING

- Singer Malaysia: wide range of household products under world-renowned Singer brand.
- Uniza Malaysia: body care, household cleansing & detergent products.
- Cosway Malaysia: direct-selling of cosmetics, health supplements and fashion accessories.
- HVM: Exclusive licensee to distribute Warner Bros. Walt Disney, Sesame Street and Columbia Tristar home video products.



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OTHER INTERNATIONAL VENTURES

- China:
 - Infrastructure, property & real-estate development.
- USA:
 - International Lottery & Totalizator Systems, a NASDAQ-listed company, manufacturing computerized ticketing systems and lottery management.
 - Roasters Corp., franchisor of Kenny Rogers Roasters Restaurants.
 - Satellite Technology Management, Inc., a NASDAQ-listed company, specializing in the design, manufacture and marketing of satellite and radio communications products.
 - Roadhouse Grill, Inc., operator and franchisor of Roadhouse Grill service restaurants.
 - Solomon Islands
 - Logging rights to over 600,000 hectares of forest concessions.
 - Development of an integrated timber processing complex.
- Hong Kong:
 - Berjaya Holdings (HK) Ltd., a property investment company quoted on the Hong Kong Stock Exchange.
- Asia-Pacific:
 - Exclusive rights for Kenny Rogers Roasters Restaurant, an American fast-food chain.



INDUSTRIAL & INFRASTRUCTURE DEVELOPMENT

- Inokom: Joint venture with Hyundai Motor Co. (Korea) to manufacture light commercial vehicles.
- Indah Water Konsortium: 28 years concession rights to upgrade and operate a nation-wide sewerage treatment system.
- Timber Division: timber concessions and manufacture of top quality timber products.
- TopGroup Holdings: manufactures and distributes commercial and home air-conditioning systems.
- LeRun Group: manufactures bicycles for Malaysian and export markets.
- Textile Division: fully integrated textiles and garment manufacturers.

PROPERTY

- Commercial properties.
- Development of residential and commercial properties.
- Development of holiday resorts, golf courses and country clubs.

FINANCIAL SERVICES

- Insurance companies:
 - Berjaya General Insurance
 - Berjaya Prudential Assurance
- Securities brokerage firms:
 - Inter-Pacific Securities
 - Eng Securities
 - United Traders Securities.



MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER



In recent years, Malaysia has seen an unprecedented growth resulting from many factors including sound management by our government, the country's good work ethics, a readily trainable workforce and strong investors' confidence.

Berjaya has also responded to and benefited from this conducive business climate through expansion, acquisitions and new start ups.

Our commitment to building expertise and quality through training and embracing technology, has given us a strong foundation to respond to new opportunities, not just in Malaysia but overseas too.

We will continue to develop our core businesses and respond to our government's plans and visions for Malaysia.

As we embark on another important phase of growth, we will continue to pursue business alliances through joint ventures and partnerships. I believe we are good business partners, so if you have the desire to expand into Malaysia or the international ventures, do give us an opportunity to work with you.

Yours sincerely,

(Signature)
Tan Sri Dato' Vincent Tan Chee Yoon

SPONSORED SECTION

M A L A Y S I A

GOING GREEN: ECO-TOURISM MAKES A HIT

Orangutans, turtles, bats, elephants and others are among the many natural attractions of the national parks.

Adventure-travel enthusiasts and nature lovers from around the globe will descend on Sarawak in October for a grueling competition called the Raid Gauloises, which includes jungle trekking, whitewater rafting, cave exploration and mountaineering.

This is the first time the competition will be staged in Southeast Asia, but Raid organizer Gerard Fusil says of Malaysia: "It is undoubtedly the ideal adventure land, probably one of the world's most beautiful places."

Malaysia has carved a niche for itself in adventure travel and "green" tourism over the last few years, with visitors flocking to experience its diverse natural landscapes and tropical wildlife populations.

Of the various reasons to visit Malaysia, nature is one of the most compelling. The country has some of the finest beaches in Asia, and most of them are virtually

empty. There are hundreds of offshore islands - from tiny specks of sand in the South China Sea to large historic enclaves like Penang.

And Malaysia offers a wide range of places to stay from Dayak longhouses to simple beach bungalows, jungle lodges and glitzy resorts.

Rain forest riches

Despite reports to the contrary, Malaysia has retained much of its primary rain forest, protected within the confines of a large national park system. In these parks, visitors can descend into the world's biggest cave system or scale the highest mountain in Southeast Asia. They can rub elbows with orangutans in their native habitat or watch giant sea turtles lay their eggs on the beach at night.

The oldest and most famous national park is Taman Negara, a massive jungle at the geographic heart of

the Malay Peninsula. There is something for everyone in this huge game reserve, one of the best places to view wildlife in Asia.

A number of jungle walks loop out from the park headquarters at Kuala Tahan, where there is a luxury jungle lodge, youth hostel and campsite. The trails are well-marked and easy to negotiate. Those with more time and stamina can trek to Gunung Tahan, the highest peak in peninsular Malaysia, through 6,000-year-old virgin forest, a walk that takes about eight days. The variety of wildlife is astounding: tigers, elephants, rhinos, gibbons, leaf monkeys, wild pigs, deer, otters, flying foxes and myriad tropical birds.

For those who like to get down and dirty, Taman Negara also offers cave adventures in places like Gua Telaga, which can only be entered on hands and knees. Wearing white clothing is not advisable: the floor is covered in lichen and bat

guano. The big chamber holds many surprises - thousands of shrieking bats and a white albino snake that preys on the winged mammals.

Hard-core cavers head for Sarawak, where some of the world's largest and longest underground chambers are found. Niah Cave is famous for its swallows' nests and prehistoric archaeological finds.

The most awesome caverns are in Gunung Mulu National Park, which could figure in a Guinness Book of Underground Records. Sarawak Chamber is the world's largest single cave, large enough to hold 40 jumbo jets. Clearwater Cave is the longest cave system in Southeast Asia, with nearly 60 kilometers (40 miles) of passages. Deer Cave is thought to have the world's largest cave passage, more than 100 meters wide and 120 meters high.

You can also trek the other direction - up instead of



Welcome to adventure: Galloping Bajan horsemen make a splash in Sabah.

down - by scaling Mount Kinabalu in Sabah, with an altitude of 4,101 meters (13,455 feet).

The Kadazan tribe considers it a sacred place where spirits live (the name means "Revered Place of the Dead" in the Kadazan language). The ascent of Mount Kinabalu takes two days, with an overnight stop in cozy huts near the summit. Guides are obligatory and can be hired at the park headquarters. No special climbing equipment is required. Those who want an even stiffer challenge can try the annual Kinabalu Run, a sprint to the summit that is usually won by Gurkha troops from Nepal.

Thermally heated pools
Rest your weary bones after climbing Mt. Kinabalu by diving into the hot springs at Poring in the southeast portion of the same national park. The spring was first developed by homesick Japanese troops during World War II. Thermally heated water rises directly from the ground, piped into small pools where you can relax with your Walkman and a cold beer. There are overnight huts for those who

want to cook in the dark. The rafflesia - the world's largest flower - blooms in the nearby jungle.

Sabah is also ideal for close encounters of the animal kind. Sepilok Forest Reserve near Sandakan is probably the best place in the world to see orangutans in the wild. In a huge jungle tract that has been a rehabilitation center for the great apes since 1964, orangutan orphans and pets are brought here to gradually introduce them back into the wild. The young ones learn survival skills from human rangers, who teach them tree climbing, vine swinging and other vital jungle arts.

An hour's speedboat ride from Sandakan is the isolated Turtle Islands National Park, three desert islands set in the aquamarine waters of the Sulu Sea. Selingan, the largest island, has all the elements of a tropical paradise - coconut palms, sandy beaches, a protective coral reef, sources of fresh water and modest beach bungalows. Tourists wishing to visit the Turtle Islands must make prior arrangements with the national parks board office in Sandakan

(P.O. Box 768) and must bring their own provisions. The only way to get there is to charter a boat on the Sandakan waterfront. Not many people make the journey, which is one reason that hundreds of green and hawksbill turtles continue to lay their eggs on the beach each night.

Around the eastern side of Sabah is a highly unusual island called Pulau Sipadan. The island is generally considered to offer one of the world's great diving experiences. Sipadan is a huge limestone mushroom that rises 600 meters (1,968 feet) from the seabed. There are numerous underwater caves and cliffs to explore, and

marine life is abundant. For a more relaxing holiday, there are the old British hill stations of peninsular Malaysia. The Cameron Highlands are the most famous and also the most civilized, with numerous hotels, an 18-hole golf course and even an ancient British pub called Ye Olde Smoke House.

But Fraser's Hill is probably the best hill station from a nature lover's point of view, a perfect escape from the hustle and bustle of the modern world. Don't expect anything fancy - nothing more than jungle walks, horseback riding or a putt around the nine-hole golf links. J.Y.

PIPE DREAMS MAY COME TRUE

State-owned oil company demonstrates an ability to act as effectively as a private concern.

Petronas, Malaysia's national oil company, is ambitious. In a recent deal in Australia, Petronas partnered Canada's Novacorp to obtain a 24 percent stake in the 1,300-kilometer pipeline that brings gas to Sydney from the Cooper Basin in South Australia. The stake will cost cash-rich Petronas around 130 million Australian dollars (\$95.7 million). It will also give the Malaysians a chance to establish a track record in Australia, where other big pipeline projects are coming to market soon.

This will be Petronas's second partnership with Novacorp; two years ago the two won a \$33-million contract to privatize part of Argentina's gas distribution

network. Just like a private company, Petronas is leveraging its experience at home to break into markets abroad. In Malaysia, it manages a 770-kilometer pipeline built to link customers in the south of the peninsula to the major gas fields in the north.

Within the next two years, Petronas will have 1,300 kilometers of pipeline under management. It hopes to parlay its pipeline know-how into a big share of the proposed 8,000-kilometer trans-ASEAN gas pipeline, a project that would link buyers and sellers in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei.

The Australian deal helped draw the sting from

Petronas's failure earlier this year to beat Saudi Arabia's Aramco in the bidding for 40 percent of Petron, the biggest oil refiner and petroleum products retailer in the Philippines. Petronas bid \$421 million, Aramco \$502 million.

"We just weren't prepared to pay over the odds," says a top Petronas executive.

Leader in profitability

For a company run by civil servants, Petronas is remarkably good with money. Fortune, the leading business magazine in the United States, has ranked Petronas first among major oil refiners in terms of profits as a percentage of sales. Petronas is the only local company to make the Fortune 500 list of the world's top industrial companies, ranking 237th. Says Azizan Zainul Abidin, president of Petronas: "The fact that we are very liquid has enabled us to raise additional funds for investment at much cheaper cost." Again, Petronas is thinking like a private company.

But Petronas is not likely to become one any time soon. Kuala Lumpur's view is that Malaysia's oil and gas fields belong to the people -

and so should the company that harvests them. Petronas subsidiaries will go to market - its chain of gas stations was listed earlier this year, and its gas distribution company will probably be listed next year - but Petronas will stay in government hands.

As a national enterprise, Petronas is charged with ensuring that Malaysia has enough oil and gas to fuel its speeding economy. Demand is increasing at 10 percent a year.

Fulfilling its mission as the national energy provider - rather than meeting its appetite for business deals - is what propels Petronas into foreign oil and gas fields.

Petronas, through its wholly owned subsidiary Carigali Overseas, is prospecting for new hydrocarbon treasure in Burma, Vietnam, China, Indonesia, Thailand and Syria. It has interests in fields in Azerbaijan and other Central Asian states.

But Carigali prefers to search for new fields nearer home. Mr. Azizan says that "nearer means closer contacts. If we find fields that can be developed, then we can capitalize on the resources that are available at home." S.A.

BEST ANTIQUE SHOPS

Fancy an authentic gramophone? Or maybe a turn-of-the-century Peranakan table with a wooden base and marble top? Perhaps a few coins scavenged from wrecks off the coast of Sumatra? Then old Jonkers Street (Jalan Hang Jebat) in Malacca is the place for you. There are dozens of antique shops with merchandise ranging from pure junk to 300-year-old museum pieces. One of the best selections is at Fatimah Antik Stor at No. 46, where the upstairs rooms have been converted into a showcase of Peranakan antique furniture. J.Y.

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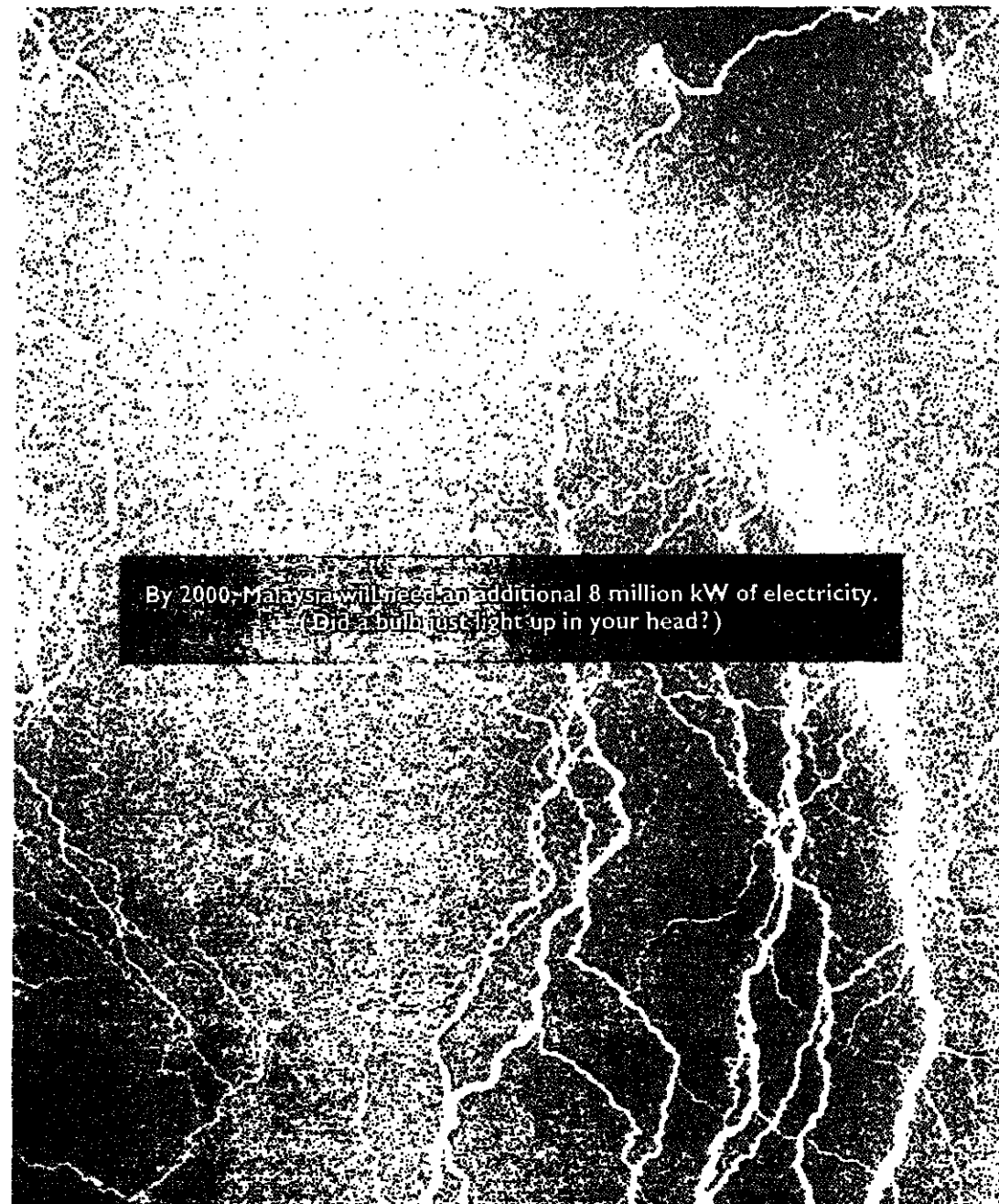
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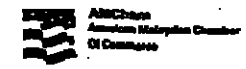


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NASDAQ

Tuesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
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AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
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Air France Gets Wolf From UAL

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 ~ Fax: (44) 71 240 2254
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SPORTS

Hockey Dispute
Could Shut Down
Training Camps

The Associated Press
NEW YORK — Labor problems are not confined to baseball. The NHL is facing a threat that could shut down training camps.

The Dallas Morning News quoted an unidentified source Tuesday as saying that commissioner Gary Bettman will order a league-wide lockout beginning Monday.

"There will be no hockey whatsoever without an agreement," the source told the newspaper. "Management's position is that it makes no sense to start, then stop and then start again."

"A strike or lockout is a distinct possibility," said Mike Gartner, president of the NHL Players Association. "I hope neither one of them happens, but they are possibilities when both sides can't come to an agreement."

The Toronto Maple Leafs forward thinks a salary cap is a big enough issue to force hockey into a similar circumstance as baseball — a work stoppage.

"The (baseball) players are hanging tough and it seems the owners are trying to work a salary cap that the players have said for months that they don't want," Gartner said. "We're still talking about a salary cap, which we don't want to have anything to do with, either. There are a lot of other problems in the game and problems

in the upcoming agreement that have to be ironed out."

Salaries are the main issue. Owners are seeking to tie salaries to team revenues. Players hope to have salaries set by the open market. The players' ultimate goal is free agency, something owners have rejected in the past.

This time, both sides hope to avoid the problems of two seasons ago when the players staged a 10-day strike, the first in league history.

"We're trying to go through all the different scenarios that can happen and we've been trying to set up some meetings to discuss what our next step is in getting to an agreement," Gartner said. "No matter what happens, you still have to work out an agreement."

Looming large is a series of sanctions that Bettman threatened to impose Thursday, when the Winnipeg Jets are scheduled to become the first team to open training camp. Bettman has said if a new agreement is not worked out by then, he will eliminate meal allowances, force players to pay their way to training camp and reduce rosters, among other things.

"He has not rolled back a lot of things — he's rolled back everything," Gartner said. "Most teams are scheduled to open camp this weekend, with the Chicago Blackhawks the last to get started on Sept. 7."

Hope Dims for World Series

Compiled by Our Staff From Dispatches

NEW YORK — The head of the federal mediation service has talked with both sides in the players' strike but has not scheduled another bargaining session. And now, 20 days into the players' strike, even the management negotiator, Richard Ravitch, is saying there may not be a World Series in October.

"I think the owners want to do everything humanly possible to save the postseason," he said Monday, "but they also want to save baseball for the future, and that is a very, very high priority."

"So far as I know, there isn't anything going on," Donald Fehr, the head of the union said.

With 10 percent of the season canceled, federal mediators said they will meet separately Wednesday with players and owners but won't call another meeting unless they think there will be progress.

(NYT, AP)

Lemieux Will Miss
Next NHL Season

New York Times Service

NEW YORK — As expected, Mario Lemieux has announced that he will miss the entire 1994-95 hockey season. The 28-year-old star center of the Pittsburgh Penguins said he hopes to use the rest period to recover from anemia that is a result of radiation treatment for Hodgkin's disease, a form of cancer that he battled two years ago. That illness and chronic back problems limited Lemieux to part-time status over the past two seasons.

Although Lemieux will be paid this season under terms of his seven-year, \$42 million contract, Pittsburgh fans who bought season tickets with the expectation of seeing him play can get a refund. Howard Baldwin, chairman of the team, said at a news conference Monday that anyone who wants his money back should contact him.

Although only 28, Lemieux has been a star player for 10 seasons, having joined the Penguins in 1984 as a first-round draft choice.

"Right now, my health is a lot more important than hockey," Lemieux said. "I'm going to miss going to the rink every day. I'm going to miss being around the guys."

Lemieux isn't expected to return for the post-season playoffs, which begin in April, and he said he plans to make a decision on his future next summer. There is a possibility that he won't ever return.

"If I feel I'm not able to go out on the ice at close to 100 percent, another decision will have to be made," Lemieux said.



Penguins' center will take time off for recovery.

The Shuler Question and NFL Notes

The Associated Press

John Friesz got the call Tuesday over top draft choice Heath Shuler as the Washington Redskins starting quarterback. Friesz was signed as a free agent during the off-season.

Coach Norv Turner, in announcing that Friesz would start Sunday against the Seattle Seahawks, cited his experience. He's a four-year veteran. Turner also said he expected Shuler to see action, as well.

"It's not that I think that Heath can't handle it. He'd handle it fine," Turner said. "I think in terms of this football team, and John, I just feel more comfortable with John in that role, early in the game." Turner said he hasn't decided when Shuler will get into the game, or how much he playing time he'll get.

Steve Bono, who proved himself a capable backup to Joe Montana in 1991, will play that role again this season for the Kansas City Chiefs. Bono found out Monday he had beaten out Matt Blundin for the No. 2 quarterback for the Chiefs. Blundin will back up Bono.

"The bottom line of it was the experience that Steve Bono has in actual compe-

tion," the Kansas City coach, Marty Schottenheimer said. "When you look at Matt, one full season as a quarterback, he's still in the process of thinking his way through this stuff."

As Montana's backup in 1991, Bono led the San Francisco 49ers to a 5-1 record after Montana was sidelined.

There is still no decision on where Deion Sanders, the free agent cornerback will play this season.

Although Sanders said he would make up his mind on Monday, he didn't. The Miami Dolphins and at least two other teams have offered Sanders a contract, with reports putting the bidding around \$3 million a year.

"I don't know what's going on — how many teams are involved, or who's doing what," the Dolphins general manager Edie Jones said. "As far as I know, he hasn't decided to go anywhere."

San Francisco received some unexpected good news when running back Dexter Carter, thought to be out for the season with a knee injury, returned to practice. He

expects to play in the 49ers opener against the Los Angeles Raiders.

The team physician initially believed Carter had torn a ligament at the end of his knee in an Aug. 18 exhibition game in San Diego. But an additional examination showed the ligament had been stretched, not torn.

Carter, a return specialist and backup halfback Ricky Watters, said he would wear a knee brace during practice.

Tight end Ron Middleton, cut by the Washington Redskins, found a new home. The Rams signed him as a backup to second-year tight end Troy Drayton. San Diego veteran Travis McNeil was released in favor of Middleton.

Middleton, 29, is coming off the best season of his eight-year career, making 26 receptions for 154 yards and two touchdowns.

San Diego added to its power running game by claiming Rodney Culver off waivers from the Indianapolis Colts.

Culver, a 5-9, 224-pound fourth-round draft pick from Notre Dame in 1992, gained 471 yards and caught 37 passes in two seasons with the Colts.

RACES

Bell Returns to Williams-Renault

DON (AP) — Former world champion Nigel Mansell is going to Formula One racing with the Williams-Renault team next three races of this season. Mansell said Tuesday that Mansell would finish out the year's Prix circuit after completing his commitments with the Williams-Haas Indy-car team in the United States. Mansell will race at Suzuka on Nov. 6 and the Australian in Adelaide one day later.

Kin Classic Victory for Ohio State

HEIM, California (LAT) — Ohio State had nearly every own way against Fresno State in the Disneyland Pigskin at Anaheim Stadium on Monday night, overwhelming a building after the loss of 11 players to the NFL. Fresno State offense was inconsistent, and the defense was shorthanded for Joey Galloway, a wide receiver with an All-American. The result was a 34-10 Ohio State victory.

Drops Out of Swiss Open Golf

DON (Reuters) — John Daly is out of this week's European Open in Switzerland after injuring his back in a scuffle at the 1994 World Series of Golf in Ohio on Sunday. The American, 31, was in a scuffle with the father of another player, who hit him in the back. Daly was safe to do so during the final. The two fell to the ground and had to be separated by police and caddies. Daly returned from a four-month ban earlier this year, having lost out of a tournament in Hawaii.

Florida State Players Suspended

LAHASSEE, Florida (AP) — Defending national champion Florida State will open the 1994 season Sunday against Alabama without five players who are suspended for taking illegal off-campus trips. The suspension was announced Monday by Daytona Beach, Fla., officials. The five players are suspended for one game, while offensive tackle Forrest Conolly will continue on an indefinite suspension. All-American linebacker Derrick and tailback Tiger McMillen were earlier suspended for one game, and offensive guard Patrick McNeil for three games.

Canadian Weightlifter Disqualified

TORIA, British Columbia (Reuters) — A Canadian weightlifter tested positive at the Commonwealth Games for a drug and was ordered to give up three bronze medals he had won for the host country, games organizers said. Dan Corbett, who competed in 83 kilogram weightlifting, was the first athlete from Canada and the seventh games to be banned in the 10-day sports festival.

The Record

Portland Trail Blazers have resigned center Chris Dudley. The NBA has 10 days after receiving the resignation to decide whether to contest its validity as a violation of the salary cap. (AP)

New South African rugby coach, Kitch Christie, has dismissed 17 players who toured New Zealand last month from his 36 to prepare for the home series against Argentina and a tour of Scotland and Wales. (AP)

Notable

For John Lignelli of the steelmaking town of Donora, Pennsylvania, dedicating two baseball fields after Stan Musial and Ken Griffey Jr., its two most famous sons: "With Stan Musial, Ken Griffey Sr. and Ken Griffey Jr., I believe we have produced three of the best players who have ever played the game of baseball." (AP)

SCOREBOARD

Ortiz	57	46	2	.553	1
Dalei	57	51	1	.528	3 1/2
Lothe	45	62	1	.421	15
Nelson Man	40	65	4	.381	19

Topper's Results

Lothe & Selbu	2
Kintsuru & Dalei	5
Ortiz & Nelson Man	1

Japanese Leagues				
Central League				
	W	L	Pct.	GB
Yomiuri	52	48	0.514	—
Hiroshima	34	62	0.351	7 1/2
Chunichi	34	55	0.382	9
Hankyu	34	56	0.371	10
Yokohama	29	58	0.333	13 1/2
Topper's Results				
Chunichi & Yomiuri	2			
Hiroshima & Yokohama	2			
Yokuri & Hankyu	4			
Lothe & Selbu	1			

Pacific League				
	W	L	Pct.	GB
Selbu	60	47	0.561	—
Kintsuru	59	47	2.557	1/2

U.S. Open

Men's Singles
First Round

Andre Agassi, U.S. def. Robert Eriksson,
Sweden
Stefan Edberg, Sweden def. Goran Ivankovic, Croatia
M. def. Goran Ivankovic, Croatia, 6-3, 7-5.

U.S. Open

Men's Singles

Andre Agassi, U.S., def. Robert Eriksson, Sweden, 6-3, 6-2, 6-4; Markus Zwick, Germany, def. Goran Ivanisevic (2), Croatia, 6-3, 7-6.

Women's Singles

Arantxa Sanchez-Vicario (2), Spain, def. Linda Ferrando, Italy, 7-6, 6-4; Emanuela Zardo, Switzerland, def. Eva Morfeyova, Czech Republic, 6-3, 6-4; Andre Kiefer, U.S., def. Laurence Courtois, Belgium, 6-1, 6-3.

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